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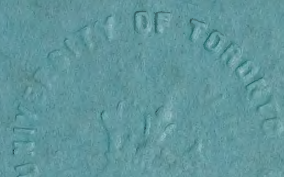
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Canada - Coasting Trade, Royal
Commission on

(ROYAL COMMISSION
ON COASTING TRADE)

- [Exhibits]

v. 1



APPENDIX to first Ottawa and
Maritime Sessions.

This volume contains copies
of Exhibits 1 - 40, except
those which could not be
conveniently copied.

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145 Yonge St.,
Toronto, Ont.
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ROYAL COMMISSION ON COASTING TRADE

APPENDIX

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---EXHIBIT 1: Queen's Commission and Terms of
Reference

EXHIBIT 1

COMMISSION

appointing

THE HONOURABLE MR. JUSTICE W.F. SPENCE, ET AL

Commissioners under Part I
of the Inquiries Act to
inquire into the Coastal
trade of Canada.

DATED 1st March, 1955.

RECORDED. 6th April, 1955

Film 22 Document 169

H.W.Doyle
FOR DEPUTY REGISTRAR GENERAL OF CANADA

Refer. No. 146131

Vincent Massey

C A N A D A

(SEAL)

F. P. Varcoe

DEPUTY ATTORNEY GENERAL,
CANADA.

ELIZABETH THE SECOND, by the Grace
of God of the United Kingdom, Canada and Her other
Realms and Territories QUEEN, Head of the
Commonwealth, Defender of the Faith.

TO ALL TO WHOM these Presents shall come or
whom the same may in anywise concern,

GREETING:

WHEREAS representations have been received
respecting the coasting trade of Canada, including the
coasting trade on the Great Lakes, and that it is
deemed expedient in the public interest to inquire
into the matters involved, in order that all questions
within the jurisdiction of Parliament, including
questions with respect to the provisions of Part XIII
of the Canada Shipping Act, Coasting Trade of Canada,
arising out of the transportation by water, or by land
and water, of goods and passengers from one place in
Canada to another place in Canada, including the
Great Lakes, may be inquired into and reported upon.

AND WHEREAS it is expedient and Our Governor
in Council has, by Order P.C.1955-308 of the first
day of March in the year of Our Lord one thousand
nine hundred and fifty-five (copy of which is hereto
annexed) authorized the appointment under Part I of
the Inquiries Act, Chapter 158 of the Revised Statutes
of Canada, 1952, of Our Commissioners therein and
hereinafter named to inquire into and report upon
all questions within the jurisdiction of Parliament,
including questions with respect to Part XIII of the
Canada Shipping Act, Coasting Trade of Canada, arising
out of the transportation by water, or by land and
water, of goods and passengers from one place in
Canada to another place in Canada, including the
Great Lakes, and upon relevant matters which may in

the course of the Inquiry arise or develop and which, in the opinion of the Commissioners, should be included within the scope of the Inquiry and Report and, without restricting the generality of the foregoing, in particular to inquire into and report upon the following:

- (a) the relationship of the coasting trade of Canada, including the Great Lakes, to Canadian shipping and ship building, and the effect on such shipping and ship building of the participation in the coasting trade of Canada, including the Great Lakes, of ships or other marine craft registered or built outside of Canada;
- (b) the probable effects of the development of the St. Lawrence Seaway upon the coasting trade of Canada, including the Great Lakes;
- (c) the relationship of the coasting trade of Canada, including the Great Lakes to the domestic and international trade of Canada and to Canada's external relations; and the effect of the participation in the coasting trade of Canada, including the Great Lakes, by ships or other marine craft registered or built outside of Canada upon the domestic and international trade of Canada, and Canada's external relations;

and

- (d) the necessity, if any, of establishing different policies and prescribing special conditions with respect to the coasting trade of Canada, including the Great Lakes, applicable to particular parts of Canada.

NOW KNOW YE that by and with the advice of Our Privy Council for Canada, We do by these Presents nominate, constitute and appoint the HONOURABLE MR. JUSTICE W. F. SPENCE, of The High Court of Justice for Ontario, of the City of Toronto, in the Province of Ontario; W. N. WICKWIRE, ESQUIRE, Barrister at Law, of the City of Halifax, in the Province of Nova Scotia; and MARCEL BELANGER, ESQUIRE, Chartered Accountant, of the City of Quebec, in the Province of Quebec, to be Our Commissioners to hold and conduct such inquiry.

TO HAVE, HOLD, EXERCISE and ENJOY the said office, place and trust unto you the said W. F. SPENCE, W. N. WICKWIRE, and MARCEL BELANGER, together with the rights, powers, privileges and emoluments unto the said office, place and trust of right and by law appertaining, and as are more particularly set out in the said Order in Council, during Our pleasure.

AND We do hereby authorize Our said Commissioners

- (i) to adopt such procedure and methods as they may deem expedient for the conduct of the Inquiry and to alter

or change the same from time to time;
(ii) to engage the services of such
technical advisers, clerks, reporters
and assistants as they may deem
necessary or advisable at rates of
remuneration and reimbursement of
expenses to be approved by the
Treasury Board.

AND We do hereby require all government
departments to afford to Our said Commissioners such
assistance and co-operation as may be required in
the matter of the said Inquiry.

AND We do hereby require and direct Our said
Commissioners to report to Our Governor in Council
the result of their investigation.

AND We do further appoint the said W. F.
SPENCE, to be Chairman of Our said Commissioners.

IN TESTIMONY WHEREOF We have caused these
Our Letters to be made Patent and the Great Seal of
Canada to be hereunto affixed.

WITNESS; Our Right Trusty and Well-beloved
Counsellor, Vincent Massey, Member of Our
Order of the Companions of Honour, Governor
General and Commander-in-Chief of Canada.

AT OUR GOVERNMENT HOUSE, in Our City of
Ottawa, this First day of March in the year of Our
Lord one thousand nine hundred and fifty-five and
in the Fourth year of Our Reign.

BY COMMAND,
C. Stein
UNDER SECRETARY OF STATE.

P.C. 1955-308

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 1st March 1955.

The Committee of the Privy Council have had before them a report from the Minister of Transport, submitting:

That representations have been received respecting the coasting trade of Canada, including the coasting trade on the Great Lakes, and that it is deemed expedient in the public interest to inquire into the matters involved, in order that all questions within the jurisdiction of Parliament, including questions with respect to the provisions of Part XIII of the Canada Shipping Act, Coasting Trade of Canada, arising out of the transportation by water, or by land and water, of goods and passengers from one place in Canada to another place in Canada, including the Great Lakes, may be inquired into and reported upon.

The Committee, therefore, on the recommendation of the Minister of Transport, advise that:

(1) A Commission do issue, pursuant to Part I of the Inquiries Act, appointing

The Honourable Mr. Justice W. F. Spence,
of the High Court of Justice for Ontario,
of the City of Toronto in the Province of
Ontario, as Chairman,

W. N. Wickwire, Barrister at Law, of the City
of Halifax, in the Province of Nova Scotia; and

Marcel Belanger, Chartered Accountant,
of the City of Quebec in the Province
of Quebec,

as Commissioners to inquire into and report upon all questions within the jurisdiction of Parliament, including questions with respect to Part XIII of the Canada Shipping Act, Coasting Trade of Canada, arising out of the transportation by water, or by land and water, of goods and passengers from one place in Canada to another place in Canada, including the Great Lakes, and upon relevant matters which may in the course of the Inquiry arise or develop and which, in the opinion of the Commissioners, should be included within the scope of the Inquiry and Report and, without restricting the generality of the foregoing, the Commissioners shall inquire into and report upon the following matters:

- (a) the relationship of the coasting trade of Canada, including the Great Lakes, to Canadian shipping and ship building, and the effect on such shipping and ship building of the participation in the coasting trade of Canada, including the Great Lakes, of ships or other marine craft registered or built outside of Canada;
- (b) the probable effects upon the development of the St. Lawrence Seaway upon the coasting trade of Canada, including the Great Lakes;
- (c) the relationship of the coasting

trade of Canada, including the Great Lakes, to the domestic and international trade of Canada and to Canada's external relations; and the effect of the participation in the coasting trade of Canada, including the Great Lakes, by ships or other marine craft registered or built outside of Canada upon the domestic and international trade of Canada, and Canada's external relations; and

(d) the necessity, if any, of establishing different policies and prescribing special conditions with respect to the coasting trade of Canada, including the Great Lakes, applicable to particular parts of Canada;

(2) the powers hereby conferred on the said Commissioners may be exercised by any two of the said Commissioners;

(3) the said Commissioners be authorized to adopt such procedure and methods as they may deem expedient for the conduct of the Inquiry and to alter or change the same from time to time;

(4) the said Commissioners be authorized to engage the services of such technical advisers, clerks, reporters and assistants as they may deem necessary or advisable at rates of remuneration and reimbursement of expenses to be approved by the Treasury Board;

(5) the said Commissioners be granted travelling expenses and a living allowance in such amount as may be approved by the Treasury Board, while absent from their place of residence and engaged in

the conduct of the said Inquiry;

(6) all government departments afford to the said Commissioners such assistance and co-operation as may be required in the matter of the said Inquiry;

(7) the said Commissioners submit their report to the Governor in Council; and

(8) the expenses of and incidental to the said Inquiry be paid out of money appropriated by Parliament.

R. B. Bryce,

Clerk of the Privy Council.

---EXHIBIT 2: Revision of Federal Transportation Policy, a report to the President prepared by the Presidential Advisory Committee on Transport Policy and organization

EXHIBIT 2

REVISION OF FEDERAL
TRANSPORTATION POLICY

A REPORT TO THE PRESIDENT

Prepared by the
PRESIDENTIAL ADVISORY COMMITTEE
on
TRANSPORT POLICY AND ORGANIZATION

APRIL 1955

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LETTER OF TRANSMITTAL

My Dear Mr. President:

On July 12, 1954, you established under my chairmanship a Presidential Advisory Committee on Transport Policy and Organization. You requested that we undertake a comprehensive review of overall Federal transportation policies and problems and submit our recommendations for your consideration.

In the preparation of our report, I have had the full cooperation of all members of your Committee. To assist us in our review of government transportation policies, I appointed a Working Group composed of outstanding individuals who have long had a close understanding of the Nation's transportation problems. Mr. Arthur W. Page, a Director of the American Telephone and Telegraph Company, New York City, served as Director of the Working Group.

I wish to commend each member of the Working Group for his contribution. Your Committee's unanimous report and recommendations are in large measure based on the study made by the Working group.

After examination of the Nation's transportation problems, your Committee determined to focus its primary attention on those Federal policies which appeared to be most urgently in need of revision if the transportation industry of the United States is to maintain itself at maximum effectiveness.

In examining the effectiveness and deficiencies of the domestic transportation system, it was clearly evident that two broad major areas of Federal policy

required prompt revision. In brief, the principal emphasis of our report is that, in conformity with today's availability of a number of alternate forms of transport, Federal policies should be amended (1) to permit greater reliance on competitive forces in transportation pricing and (2) to assure the maintenance of a modernized and financially strong system of common carrier transportation adequate for the needs of an expanding and dynamic economy and the national security.

Our report does not propose any change in existing regulatory authority over the entrance of new enterprises in the field of public transportation, nor does it propose any change in the Federal organization for the administration of transportation functions and responsibilities.

Respectfully yours.

Sinclair Weeks, Chairman.

The President,

The White House.

Presidential Advisory Committee on Transport Policy
and Organization. Members:

Sinclair Weeks, Secretary of Commerce, Chairman.

Charles E. Wilson, Secretary of Defense

Arthur S. Flemming, Director of the Office of
Defense Mobilization

Ad Hoc Participating Members:

George M. Humphrey, Secretary of the Treasury

Arthur E. Summerfield, Postmaster General

Ezra Taft Benson, Secretary of Agriculture

Rowland R. Hughes, Director, Bureau of the Budget.

REVISION OF FEDERAL TRANSPORTATION POLICY

I. INTRODUCTION

Within the short span of one generation this country has witnessed a transportation revolution. --

All elements of the economy have been profoundly affected -- investors in transportation property, geographic regions, distribution, individual shippers, the taxpayer, the ultimate consumers of goods and services. As late as 1920, the railroads held a virtual monopoly of intercity transportation with the exception of areas served by water. In striking contrast, there is available today a wide selection of transport methods for the movement of goods and people from one place to another with economy, expedition, and safety. The individual, whether traveling for recreation or business purposes, has a choice as between the private automobile, intercity bus transportation, air transportation, and railroad travel. The shipper, distributing finished products to a nationwide market, is free to elect the use of his own trucks, common or contract carriers by highway, a continental and physically integrated system of common carrier transportation by railroad, pipelines, coastal and intercoastal services, inland water transportation, or the rapidly developing air cargo services.

In major respects, government has played a decisive role in these fast moving and dynamic changes in the organization, financing, and operation of the Nation's domestic transportation services. All levels of government have participated. The states have

played a dominant role in the provision of an expanding and modernized highway system, although aided by the Federal Government through a program of grants-in-aid. The Federal Government has spent vast sums of the general taxpayer's funds for the improvement of rivers and harbors. More recently it has aided materially in the development of airports, the financing and management of a nationwide system of aids to air navigation, and has advanced substantial sums of money in the form of direct financial assistance for the development of air transportation.

The net result is a competitive system of transportation that for all practical purposes has eliminated the monopoly element which characterized this segment of our economy some thirty years ago.

During this same period, government has failed to keep pace with this change and has, in fact, intensified its regulation of transportation. Paradoxically, the underlying concept of this regulation has continued to be based on the historic assumption that transportation is monopolistic, despite the fact that the power of individual transportation enterprises to exercise monopoly control has been rapidly eliminated by the growth of pervasive competition. The dislocations which have emerged from this intensified competition, on the one hand, and the restraining effects of public regulation on the other, have borne heavily on the common carrier segment of the transportation industry. The shipper and ultimately the consuming public pay the costs of

this dislocation. The consequent loss to the public, while incapable of exact estimate, is believed to amount to billions of dollars per year, and calls for prompt and decisive action.

No economy that is based fundamentally on mass production and distribution of products throughout a continental market can continue to prosper without a transportation system that is dynamic, efficient, and capable of delivering goods and people with safety, expedition, with a high degree of dependability, and at the lowest cost in the expenditure of manpower and other scarce resources. Historically, these requirements have been met most satisfactorily by common carriers, who by statute are charged with the heavy obligation to serve all individuals and shippers alike to the extent of their physical capacities, on known schedules at published rates, and without discriminations. The availability of this type of stable and dependable service is of equal importance in the day-to-day business operations, production and market planning of large and small businesses alike. Moreover, in a broader sense, the availability of this type of transportation system is essential to the orderly and healthful operation of a peacetime economy and is indispensable to the national security in time of war.

Your Advisory Committee has proceeded from these fundamental premises in its reappraisal of national transportation policy: namely, that the transportation industry operates today in the general atmosphere of pervasive competition; that adjustment

of regulatory programs and policies to these competitive facts is long overdue; and that the restoration and maintenance of a progressive and financially strong system of common carrier transportation is of paramount importance to the public interest.

Although it remains true that there is some rail-bound traffic and some water-bound traffic that is not competitive in one sense, the bulk of this traffic is competitive in the commercial sense even though not directly among carriers serving the same points.

Even where there is no direct inter-carrier competition, the great development of competitive industry in various parts of the country has placed indirect competitive pressures on transport rates. For example, producer A may be impelled to ship all his output of, say, heavy steel, into a given market by rail, but producer B may be able to reach the same market by a lower cost water haul. The self-interest of the railroad serving producer A demands that transportation rates be maintained low enough to enable producer A to compete in the market.

Such competition is not confined to the products of different firms in a given industry, related industries compete for certain markets in which alternative goods and services may be substitutable. A notable example is competition among fuels such as coal, natural gas, and fuel oil. Thus high freight rates on rail-bound coal would directly affect coal's competitive position, and reduce the coal traffic of

many railroads.

In short, competitive conditions have been substituted with the growth of new forms of transportation, both public and private, for much of the monopoly element in the common carrier industry which in the past prompted so much of our present transport policy, both regulatory and promotional.

OBSOLETE REGULATION

In many respects, government policy at present prevents, or severely limits, the realization of the most economical use of our transportation plant.

Notwithstanding the rapid growth and current pervasiveness of competitive elements in transportation, government policy holds regulated competitive forces within a tight rein. Railroads and motor carriers are most broadly competitive, their rivalry extending to the movement of nearly all commodities over short hauls and to a considerable range of traffic even on the longer hauls. Extensive competition also prevails among rail, water, and pipeline carriers for long-haul quantity movements of bulk commodities and general traffic.

In the case of railroads and motor carriers, their economic characteristics are virtually opposite, the one characterized by heavy investment and large elements of indirect and fixed costs while the other requires little investment and encounters a high proportion of direct and variable costs. The one is capable of heavy long-haul mass transportation at

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27. The twenty-seventh group

28. The twenty-eighth group

29. The twenty-ninth group

30. The thirtieth group

very low costs while the other can afford superior service conducted in relatively small units but at comparatively high unit costs beyond the shorter distances. Clearly they are fitted for different roles in the development of the most effective and coordinated transportation system of which technology and managerial skills are capable.

We do not find it possible to define the limits of the tasks which these and other forms of transport should perform in a transportation system which best meets the needs of the public. On the contrary, we believe that such a system, in the face of rapidly developing technology and a high rate of innovation, is to be achieved only by the exercise of greater freedom for competitive experimentation which enables the purchaser of transportation to adapt both service and cost opportunities to his own requirements.

THE ESSENTIALITY OF COMMON CARRIER TRANSPORTATION

The public interest requires the maintenance of a sound and vigorous common carrier transportation service by all of the available means of transport, each operating within its respective capabilities and developing in accordance with the indicated demand for its services. Such common carrier service is indispensable, yet the financial position of some of the major common carriers is precarious and they lack the means to offer superior service and to apply technological advances with desirable rapidity.

Our national policy has not provided us with

the best transport of which we are capable, either in rate of technical development or in adjustment of the several types of carrier to their areas of greatest usefulness. Both the present force of competition, including that from other than common carrier transportation, and the unusual obligations which are placed upon common carriers argue for relieving these carriers as far as possible from restraints designed to meet conditions which have, in recent years, either disappeared or been greatly altered.

With some exceptions, regulated common carriers today encounter large and growing competition by exempt for-hire carriers or pseudo carriers whose operations are largely opportunistic in character. These operations are conducted without the necessity to publish rates with freedom to discriminate in rates and service, and with no obligation to serve the general public. The continuing growth of this exempt for-hire carriage would seriously impair the maintenance of a strong and healthy common carrier industry, which by contrast is generally obliged to serve all of the public without discrimination.

An appraisal of the efficiency of present and proposed transportation policy to promote the strength of this Nation for defense requires, first, some analysis of the probable utility of and burden to be placed upon each form of transport in the event of full mobilization or war. Although we may expect that all-out involvement would create a two-front war with some familiar aspects, we must also fully expect

that in such an event the continental United States would be placed under heavy attack and might sustain severe damage both to its industrial production and to its transport facilities. Hence we must be prepared to face a situation without precedent in our history.

All estimates of our economic potential under full mobilization conditions are subject to a considerable margin of error. While traffic estimates and transport requirements are no exception, it is probable that full use of our present economic potential would create a domestic traffic burden far in excess of any hitherto encountered. The expansion would be large and rapid and there is no such reserve of idle capacity as existed at the beginning of World War II. It would seem prudent to make every possible provision now to support with transport our full economic capability, without allowance for reductions imposed by attack.

While a general transportation policy should concern itself primarily with our developing national economy, it must also be concerned with potential defense requirements. In the latter context two primary objectives may be noted: (1) to emphasize the growth and development of the several forms of transport somewhat in accord with the proportional demands that defense will make upon them, and (2) to support their financial well-being to the end that they will be physically in excellent shape and possessed of a desirable flexibility and some degree of excess capacity. A policy under which the transportation enterprises generally live in precarious financial

position is not a policy calculated to enhance our preparedness. Any policy which has the effect of weakening any form of transportation on which we must place major reliance in the event of war is not a satisfactory defense policy.

It may be necessary that particular modes of public transportation absorb a large share of the anticipated increase in domestic traffic and in addition take on substantial diverted loads in the face of conditions which prevent any material expansion of their physical plant or equipment because of the competition of higher priority items for available materials and productive capacity.

The railroads may be expected to have the greatest flexibility in accommodating an expanded domestic traffic with a minimum increase in equipment, since other forms of transportation as a rule require additions to equipment in direct ratio to an increase in traffic handled, and this is not the case with the railroad industry. Any policy which strengthens the railroad base will tend to increase the built-in flexibility of our transportation plant. Public interest, however, attaches to a national policy which enables all segments of the carrier industry including air, water, highway, and pipeline industry to make their respective contributions. For example, in the case of extensive domestic damage, it might be necessary to place greater reliance on waterway facilities which are relatively more immune from destruction.

Related to the foregoing considerations is the problem of developing and strengthening our coastal, intercoastal, and inland services by water. It is important to the national economy and to defense that these operations be both financially strong and prepared to meet their role in emergencies.

A common difficulty in wartime is the maintenance of carrier operations other than those of the regulated common carriers, particularly in the motor carrier field. The supply, under rationing or other procedures, of fuel, tires, repair parts, and other items is difficult to handle with large numbers of unregulated carriers which do not normally report to any Federal body. It is, moreover, characteristic of these operations that they do not obtain an equally intensive utilization of equipment and manpower, and hence they contribute less to a war effort than do common carriers in proportion to the input of scarce materials and equipment. A stronger common carrier segment attained in part by the substitution of common carriers for others, greatly simplifies the problem of wartime supply.

Emphasis on the essentiality of common carrier transportation does not imply that bona fide private carriage and true contract transportation are not useful and economic components of the national transportation system. The proper role of these services is discussed later in the report.

II. RECOMMENDED ACTIONS

The major objectives of the following recommended actions and revisions of public policy affecting transportation are:

1. Increased reliance on competitive forces of transportation in rate-making in order:

(a) to have transportation enterprises function under a system of dynamic competition which will speed up technical innovation and foster the development of new rate and service concepts; and

(b) to enable each form of transport to reflect its abilities in the market by aggressive experimentation in rates and service in order to demonstrate to the full its possibilities for service to the shipping and traveling public;

2. Maintenance of a modernized and financially strong system of common carrier transportation;

3. Encouragement of increased efficiency and economy in the management of all transportation services in order to give the ultimate consumer the benefit of the lowest possible transportation costs; and

4. Development of an efficient transportation system for defense mobilization or war.

DECLARATION OF NATIONAL TRANSPORTATION POLICY

RECOMMENDATION: Revise the national transportation policy to assure maintenance of a national transportation system adequate for an expanding economy

and for the national security, to endorse greater reliance on competitive forces in transportation pricing, to reduce economic regulation of transportation to a minimum consistent with public interest, and to assure fair and impartial economic regulation.

The first and essential step in the recommended program is the revision of the declaration of policy in the Interstate Commerce Act. The present policy statement has placed undue restraints upon competitive rate and service experimentation by the several types of transportation subject to the act.

The present declaration of policy reads as follows:

It is hereby declared to be the national transportation policy of the Congress to provide for fair and impartial regulation of all modes of transportation subject to the provisions of this Act, so administered as to recognize and preserve the inherent advantages of each; to promote safe, adequate economical, and efficient service and foster sound economic conditions in transportation and among the several carriers; to encourage the establishment and maintenance of reasonable charges for transportation services, without unjust discriminations, undue preferences or advantages, or unfair or destructive competitive practices; to cooperate with the several States and the duly authorized officials thereof; and to encourage fair

wages and equitable working conditions; - all to the end of developing, coordinating, and preserving a national transportation system by water, highway, and rail, as well as other means, adequate to meet the needs of the commerce of the United States, of the Postal Service, and of the national defense. All of the provisions of this Act shall be administered and enforced with a view to carrying out the above declaration of policy. *

In major respects the tone of the policy declaration in existing statutes, as interpreted, has been relied upon to justify the substitution of the judgment of the regulatory body for that of management, especially in the adjustment of competitive rates between highway, rail, and water carriers.

The declaration of policy should be revised to make it clear (1) that common carriers are to be permitted greater freedom, short of discriminatory practices, to utilize their economic capabilities in the competitive pricing of their service, and (2) that in all such matters the regulatory Commission is expected to act as an adjudicator, not a business manager.

The recommended policy declaration would read substantially as follows:

It is hereby declared to be the national transportation policy of the Congress:

*The Interstate Commerce Act, National Transportation Policy, 54 Stat. 899. (Emphasis supplied.)

(1) To provide for and develop, under the free enterprise system of dynamic competition, a strong, efficient and financially sound national transportation industry by water, highway, and rail, as well as other means, which is and will at all times remain fully adequate for national defense, the Postal Service and commerce;

(2) To encourage and promote full competition between modes of transportation at charges not less than reasonable minimum charges, or more than reasonable maximum charges, so as to encourage technical innovations, the development of new rate and service techniques, and the increase of operating and managerial efficiency, full use of facilities and equipment, and the highest standards of service, economy, efficiency and benefit to the transportation user and the ultimate consumer, but without unjust discrimination, undue preference or advantage, or undue prejudice, and without excessive or unreasonable charges on noncompetitive traffic;

(3) To cooperate with the several States and the duly authorized officials thereof, and to encourage fair wages and equitable working conditions;

(4) To reduce economic regulation of the transportation industry to the minimum consistent with the public interest to the end that the inherent economic advantages, including cost and service advantages, of each mode of transportation, may be realized in such a manner so as to reflect its full competitive capabilities; and

(5) To require that such minimum economic regulation be fair and impartial, without special restrictions, conditions or limitations on individual modes of transport.

All the provisions of this Act shall be construed, administered and enforced with a view of carrying out the above declaration of policy.

INCREASED RELIANCE ON COMPETITIVE FORCES IN RATE MAKING

Increased reliance on competitive forces in rate making constitutes the corner-stone of a modernized regulatory program. Recommendations contemplate revisions of four elements of current statutory provisions relating to: (a) maximum-minimum rate control; (b) suspension powers; (c) the long-and-short-haul clause (section 4); and (d) volume freight rates.

(a) Maximum-minimum rate control

RECOMMENDATION: Limit regulatory authority of the Interstate Commerce Commission to determination of reasonable minimum or maximum rates with no change in existing provisions making undue discriminations and preferences unlawful.

Under current provisions of the Interstate Commerce Act, the ICC is authorized after hearing to prescribe the maximum and/or minimum rate or exact rate of common carriers subject to its jurisdiction upon a finding that the rate being investigated is unreasonable or unjustly discriminatory or unduly preferential. The Commission possesses like authority

when it finds that any intrastate rate causes undue or unreasonable preference or discrimination against interstate or foreign commerce. In practical effect this means that upon a finding of the stated conditions, the ICC may determine and prescribe the precise rate, the ceiling or floor of the rates to be observed, or the range of rates (zone of reasonableness) considered lawful.

These rate controls were vested in the ICC during the period when the railroads were the sole or predominating intercity form of transportation. The principal purpose of these controls was to protect the general public against railroad monopolistic pricing or unfair or discriminatory rate cutting and to maintain reasonable rate relationships between competing shippers, markets, localities, or traffic. A related purpose was to prevent the accumulation of extortionate earnings by an industry vested with public interest. Regulatory authority over intrastate rates was granted to remove restraints on the free flow of interstate commerce.

With the changed character of transport organization and the development of greatly increased regulated and unregulated service and cost competition for traffic, there is no longer a need in the public interest to continue the present scope of rate controls if the Nation is to have a healthy common carrier industry, and to help assure the most economic use and needed development of our transport capacity.

The value of service today for any method

of transport is in most instances fixed by the rates of competitors or by the cost at which the service can be privately performed by the shipper. As there are differences in the quality of service and in the ancillary costs to the shipper, forms of transport which have inferior service or service attended by additional costs borne by the shipper directly must have a cost advantage which is reflected in the rate to secure business. Although it was one of the objectives of the enactment of the Motor Carrier Act in 1935 to secure a controlled transition toward a cost-of-service rate structure, this objective has not been attained.

Analysis of cost and rate relationships indicates that some forms of transportation have a cost superiority over others on volume movements over longer distances. On the other hand, some modes of transport, both from a service and cost standpoint, have advantages in the shorter movements, and for some type of commodities have a cost advantage for intermediate distances. However, analysis of the rate-cost relationships under which traffic is distributed as between forms of carriage discloses striking inconsistencies and an essentially unsound economic situation for which regulation is at least partly responsible.

If the market is to determine the appropriate use of each form of transportation in accord with shippers' judgments of the utility to them in terms of cost and service, rates must be allowed to reflect

cost advantages whenever they exist and to their full extent. Present regulatory policy defeats this prospect in large part since carriers, notwithstanding demonstrated lower costs, are permitted to do no more than to meet the competition facing them which, with some exceptions, means to name the same rate regardless of cost relationships. Especially where private or unregulated competition or the prospect of its establishment is involved, even this much opportunity may be permanently denied the common carriers because of the long delay in deciding cases when proposed reduced rates have been suspended for investigation, thus leaving the old rates in effect during the critical period.

Moreover, outstanding maximum rate orders covering a wide range of common carrier traffic have been important in causing carriers to seek revenue relief through general rate level increases in ex parte decisions. This procedure for obtaining additional revenues has created difficulties for the carriers in adjusting their rates to meet particular competitive situations. In addition, regulation has held down a substantial portion of the common carrier rate structure to a level which appears to fail to cover the costs of the transport service rendered.

In brief, these rate maladjustments, in part enforced by regulation, deprive the public of the economy which would result from a distribution of the traffic in accord with the real capabilities of the several types of carrier just as they deprive

the shipper of many valid choices which would be available to him were rate competition more free from restraint as to its character and timing. There is, however, danger that unrestrained rate competition may result in undue depression of rate levels. While competition among carriers in their lawful reach for traffic will generally serve to keep rates within a maximum reasonable level, the Interstate Commerce Commission should have authority to restrain carriers from charging excessive rates on traffic which is noncompetitive. Moreover, the shipper is entitled to protection against unjust discrimination and carriers are entitled to protection against discriminatory picking and choosing in the making of competitive rates.

Hence it is proposed to continue regulatory authority:

(1) to prescribe minimum rates of common carriers subject to the Interstate Commerce Act which shall not be less than a just and reasonable minimum. The Committee believes that rates are unreasonably low when not compensatory, i.e., when they fail to cover the direct ascertainable cost of producing the service to which the rates apply.

(2) to prescribe maximum rates of common carriers which shall not be in excess of a just and reasonable maximum; provided, that rates cannot be forced by the Commission below the full cost of performing the services to which such rates apply exclusive of losses in other services. In this

connection the Commission should be required to take into consideration the extent and effect of competition with respect to the service to which the rates apply to the end that carriers shall be prevented from charging excessive or unreasonable rates on traffic which is noncompetitive.

(3) to determine rate relationships which would avoid unjust discrimination or undue preferences in event the latter are found to characterize any existing rate relationships, including the relationship of rates to be maintained as between intrastate and interstate commerce where state commissions have prescribed a basis of intrastate rates which is inconsistent with the basis currently in force on interstate traffic in a degree shown to burden interstate commerce.

Since particular standards to guide the ICC in determining the reasonableness of rates are set forth with its authority to exercise minimum and maximum rate controls, the need for present uncertain statutory rules of rate making disappears. This repeal would remove one of the most objectionable features of rate regulation, namely, the necessity that the Commission substitute its own judgment for that of carrier management as to "the effect of the (proposed) rates on the movement of traffic by the carrier or carriers for which the rates are prescribed."

(b) Suspension Powers

RECOMMENDATION: Continue on a more restrictive basis Commission's authority to suspend proposed changes in

rates: Shorten suspension period to 3 months; and, continue provision that places the burden of proof upon carrier proposing a changed rate, unless the protestant is also a carrier.

Since 1910 the Interstate Commerce Commission has had authority upon complaint or its own initiative to suspend proposed changes in rates pending a determination of their lawfulness. The ICC may also allow the rates in question to become effective, or may enter upon a hearing concerning their lawfulness without suspension. Upon suspension, the Act requires simply that the ICC shall attach to the filed schedule and deliver to the carrier or carriers affected "a statement in writing of its reasons for such suspension". At present the suspension period may not exceed seven months. In practice, however, many carriers voluntarily defer application of the proposed rates until the proceeding is terminated.

The Committee believes that suspension of new rates should be considered as a special and unusual remedy. However, those affected by proposed changes in rates are now given an opportunity, without adequate restriction, to have new rates postponed until the ICC has adjudicated the matter or the suspension expires. There is no practicable method of indemnifying carriers for possible losses in traffic or revenues over the period of suspension if it is later determined that the rates are just and reasonable. Moreover, at any hearing involving a proposed rate change, contrary to the usual practice in complaint

actions under the Administrative Procedure Act, the burden of proof is upon the carrier to show that its proposed changed rate is just and reasonable.

If a rate is already in effect, a complainant's remedy is different, for the burden rests upon him to prove that the assailed rate is unlawful.

While there is justification in the case of shippers for requiring a carrier to assume the burden of proving that a proposed change in rates is just and reasonable prior to its becoming effective, there appears no sound reason why a complaining carrier competitor should not be required to prove his allegations of unlawfulness particularly when temporary relief during suspension is available upon a proper showing of need. (

The power of suspension frequently has been used by competing carriers merely to delay decisions. Currently, nearly all the protested changes in rates involve reductions and by far the greatest number of complaints are filed by carriers. In this connection the standards which have been developed for determining the lawfulness of suspended schedules have become unduly restrictive, holding the carriers to the meeting of competition only and largely denying them the right to give effect to their full economic capabilities.

In order to remedy this situation and to be consistent with the proposed revisions in transportation policy which place more reliance on competitive forces in rate making, the power of suspension should be

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Office of the Director

Dear Sir:

I have the honor to acknowledge the receipt of your letter of the 11th inst. regarding the matter of the proposed construction of a new building for the use of the Federal Bureau of Investigation.

The Bureau is currently engaged in the construction of a new building for the use of the Federal Bureau of Investigation, and it is expected that the new building will be completed by the end of the year.

I am sure that you will be satisfied with the progress of the construction of the new building.

Sincerely,
Director

Very truly yours,
Director

Enclosed for the Bureau are two copies of the letterhead memorandum of the Bureau of the Federal Bureau of Investigation, dated and captioned as above.

exercised only after the ICC determines on the basis of factual information supplied by the protestant, or as a result of its own investigation that the proposed rates, or related matters are probably unlawful, and that making the rate effective would result in injury to the complainant, and that in the absence of suspension, the complainant would have no adequate remedy. The period of suspension should be shortened to three months. The requirements that places the burden of proof upon the carrier proposing a changed rate should be continued except in cases where the protestant is also a carrier.

By so circumscribing the power of suspension, carriers would be protected from unwarranted attacks by competitors and shippers on their pricing adjustments. Unnecessary suspension of new rates would be eliminated on the one hand and, on the other, adequate emergency relief would still be available in situations where a proper showing indicates its desirability.

The interest of carriers and shippers alike in prompt action demands that administrative procedures should be adjusted to accommodate their needs accordingly. While the above recommendations should produce a marked decrease in the number of suspension dockets, the Commission should use every possible method for expediting such litigation.

The Bureau of Accounts, Cost Finding and Valuation of the ICC should be strengthened to the full extent necessary for it to carry on its studies and research on transportation costs to provide current

information for measuring cost competition in the transportation field and in order to form a basis for the Commission's judgment of what constitutes compensatory rates.

In addition, the ICC's resources and means of developing current information covering transport operations and the movement of traffic should be strengthened. This knowledge is essential if the Commission is to effectively carry out its necessary regulatory functions.

(c) Long-and-short haul clause (4th section)

RECOMMENDATION: Remove requirement that rail or water common carriers obtain prior approval for charging greater than aggregate of intermediate rates, and for charging less for longer than for shorter distances over the same line or route in the same direction, the shorter being included within the longer, if necessary to meet actual competition and the charge is not less than a minimum reasonable rate.

Except on the Commission's special authority -- usually after a hearing -- the railroads, for example, for years have been prevented from charging a lower rate from A to C than from A to the intermediate B, or charging a higher rate from A to C than the aggregate of the intermediate rates A to B and B to C. These prohibitions might be justified if there were no competition for such carriers to meet or the competition were evenly distributed among their stations and equally potent at each.

The fact is, however, that competition exists

between stations in varying degrees, and when the railroads seek (for instance) to publish rates which are lower to the further distant point which is located on water than to the intermediate point which is inland, they are not creating preference and prejudice. These are already present by virtue of the existence of water service to the further distant point and will continue -- regardless of any action the railroads may or may not take. The question in such cases is, are the railroads entitled to make themselves competitive or is the traffic to be handled to the further distant point exclusively by a competing pipeline, railroad, water or other carrier?

Should instances arise where economic interests would be subjected to undue disadvantages by reason of this proposed amendment to section 4, remedial measures remain available under section 3 which prohibits undue or unreasonable preference or prejudice.

Although the long-and-short haul clause is applicable to common carriers by water, as well as by railroad, it may be noted that comparable provisions are not applicable to motor carriers governed by the Interstate Commerce Act.

(d) Volume freight rates

RECOMMENDATION: Make lawful such volume rates as are based on cost differences which rates are established to meet competition.

The prime economic benefit of rail, water, and pipeline transportation clearly lies in heavy long-distance and large-scale transportation. It is

invariably cheaper to haul traffic in volume from one point of origin to a single destination. Heavier loading produces lower per-ton cost. The public is denied these cost benefits when obstacles are placed in the way of lower rates for volume movements. Consequently, carriers should be permitted to make incentive minimum weights and volume rates, provided that such rates are open upon equal terms to all who may wish to use them and further provided that such rates meet the compensatory test. Price differentials having a suitable relation to cost are generally accepted in the pricing of goods and services in all parts of our economy.

A MODERNIZED AND FINANCIALLY STRONG SYSTEM OF COMMON CARRIER TRANSPORTATION MUST BE MAINTAINED

Historically, common carrier service has been recognized as the hard core of our transportation system. Yet, in recent years there have been a number of developments that have mitigated against the maintenance of a financially strong system of common carrier transportation.

Among such developments are the rapid growth of privately operated fleets of trucks, the relatively less regulated status of contract carrier service, and statutory exemption of the transportation by water of commodities in bulk from the regulatory controls imposed on common carriers. These developments have had the effect of diverting profitable sources of traffic from the common carriers. To this must be added the large deficits resulting from

the enforced maintenance of unprofitable services.

(a) Private carriage

RECOMMENDATION: Redefine a private carrier by motor vehicle as any person not included in definition of a common or a contract carrier who transports property of which he is the owner, provided that the property was not acquired for the purpose of such transportation,

Private truck operations should be limited to the distribution of the owner's products and supplies from plants, the distribution centers, and the return haul of materials to be used in his own operations.

A primary problem in transportation at present concerns the infringement of private carriers upon the field of common carriage and the need for remedial action in the form of more effective regulation of private carriers or enactment of legislation to delineate more adequately the proper place and status of such carriers.

Legitimate private carriage is not in issue. The practice of shippers handling their own merchandise is sanctioned legally and is frequently sound economically. The problem is created by those practices of private carriers which undermine the common carrier transportation system which must bear the main burden of the Nation's transportation requirements in peace and war.

The Commission has pointed out that where so-called private carriage is a subterfuge for engaging in public transportation, it constitutes a growing menace to shippers and carriers alike; is injurious

to sound public transportation; promotes discrimination between shippers; and threatens existing rate structures.

Provision should be made for appropriately franchising, upon application, either as a contract carrier or a common carrier as the case may be, carriers who have been operating legally as private carriers but who would not be entitled to continue to operate as private carriers under the new provisions of the Act, and who make application within a specified period.

(b) Contract carriers

RECOMMENDATION: Redefine motor and water contract carriage as being that transportation providing services for hire but otherwise equivalent to bona fide private carriage and require that actual, rather than minimum, charges be filed.

The definition of contract carrier by motor vehicle and contract carrier by water provided in the Interstate Commerce Act should be sharpened to make clear that such carriers are of a specialized nature, and that they should be so regarded only if they clearly substitute for a feasible private carrier operation and do not perform common carrier services which would ordinarily be undertaken by common carriers. Provision should be made for conversion, after hearing, of existing contract carrier permits to common carrier certificates where the carriage is not that of a contract carrier as above defined, and where the holder of the permit makes application within a specified time and shows that he is engaged in bona

fide transportation for hire which is not contract carriage as so defined.

To further assure that motor and water contract carriers will operate in their appropriate roles in the transportation system, the Interstate Commerce Act should be amended to require the filing and publication by contract carriers of actual rates, charges, and regulations affecting transportation under their contracts or the publication of those contracts in entirety at their option.

The purpose of these recommendations is to protect common carriers against contract carriers who are in effect engaged in common carrier operation without having had to demonstrate the "public convenience and necessity" of the service offered.

There has developed an area of conflict between certain motor contract carriers and competing motor and rail common carriers over whether the contract carriers are not, in many instances, actually performing a common carrier service. These contract carriers are taking substantial blocks of traffic in their service areas through excessive numbers of shipper contracts constituting in effect common carriage. The provisions of Part II of the Interstate Commerce Act with respect to publication of rates are also more lenient to contract than to common carriers. The former are required only to post their minimum rates in contrast to the requirement that actual rates of common carriers be published. Due to this disparity it is not possible for common carriers to compete effectively because

they have no means of determining the actual rate charged by contract carriers. For this reason, the Committee advocates that the Interstate Commerce Act should be amended to require the publication of actual rates charged together with the contracts and other descriptions of the services to be rendered by contract carriers.

(c) Bulk Commodity exemptions

RECOMMENDATION: Repeal the bulk commodity exemption applicable to water carriers so as to subject such transportation to regulation similar to that applicable to other transportation.

Part III of the Interstate Commerce Act exempts from regulation the carriage of commodities in bulk when "*** the cargo space of the vessel in which such commodities are transported is being used for the carrying of not more than three such commodities." For purposes of the Act, barge tows are considered as single vessels. Economic regulation is applied to bulk commodities in a vessel or a tow when more than three commodities or nonexempt commodities are being carried.

Both railroads and many common carriers by water, in the competing service in the carriage of bulk commodities, are fully regulated, including the requirement that actual rates be published. Bulk water carriers in exempt operations, on the other hand, need not publish their rates and are able to obtain competitive traffic by quoting lower than the published rate. Common carriers by water contend that

if they are to obtain the benefits of the exemption they must segregate their tows to exclude nonexempt commodities. This procedure is often impossible, in which case they must quote published rates with the risk of losing the business to another carrier quoting a secret exempt rate. It is claimed that conformity with the requirements for exemption results in operating inefficiencies such as smaller tows, and poorer service to some shippers.

Repeal of the bulk commodity exemption would bring under Commission regulation common and contract water carriers engaged in transportation of such commodities on the inland waterways, coastal waters and deep sea routes, and the Great Lakes. However, the repeal would not affect the bulk commodity exemption now applicable to the transportation of such commodities by contract carriers in non-ocean going vessels on international waters. Nor would it disturb the right of contract carriers to seek exemption of transportation which, by reason of the nature of the commodities or requirement for special equipment, is not competitive with rail or motor common carriers. Of course, provision should be made for granting appropriate operating authority to carriers now engaged in the transportation of bulk commodities if application is made within a stated period of time.

(d) Freight forwarder associations

RECOMMENDATION: Provide definite statutory standards for determining which shippers or shipper associations involved in consolidation or distribution of volume

freight on a non-profit basis for securing lower rates are entitled to exempt status.

Some shipper or shipper associations involved in consolidation or distribution or volume freight on a nonprofit basis for the purpose of securing lower rates, although termed nonprofit, in fact absorb costs which include overhead, and the expenses involved go beyond those paid to a carrier. In effect, this exemption opens the way to establishment of non-regulated forwarding enterprises. Definite statutory standards should be provided as a basis for determining which of such associations are entitled to exemption and which should be subject to regulation.

(e) Service deficits

RECOMMENDATION: Empower the ICC to override certain state service requirements if continuance of such service would result in a net revenue loss or otherwise unduly burden interstate and foreign commerce provided reasonable adequate service in lieu thereof is available.

The need for this correction is illustrated by the fact that the railroads have suffered for many years from a persistent and creeping malady of unprofitable passenger service operations. The provision of freight and passenger services by railroads constitutes a common enterprise. Consequently, the actual losses incurred from passenger service operations must be borne from earnings realized from freight service. Thus, in final analysis, the railroad shippers of the country are being required to subsidize

in substantial and growing amounts those who benefit from the utilization of passenger train services.

Class I railroads have incurred a deficit in their passenger service operations every year since 1930 with the exception of the war years, 1942-45. The deficit averaged about \$250 million annually between 1936 and 1940, with the annual average rising to nearly \$625 million between 1948 and 1953. The peak deficit--\$705 million -- occurred in 1953. These figures, however, fail to reveal the full extent of the total deficit because individual company and train losses have been offset in part by trains showing passenger profits. Moreover, these data make no allowance for return on investment in passenger service facilities nor do they reflect the cost of transporting fuel and materials for the benefit of the passenger service.

These substantial losses have an extremely adverse effect on the overall financial position of the railroads. In unregulated business enterprises, prudent management would abandon even at the loss of capital investment, any plant or product which for any period of time operated at a loss or showed no prospect of becoming profitable. The common carrier transportation industries, however, faced with a similar situation are not permitted to operate as prudent business managers. For, under the public utility theory, common carriers certificated either by the Federal or state authority, are required to maintain satisfactory service for all segments of

their transportation plant for which public authorization has been given.

Many trains, particularly those engaged in short-haul local operations do not produce enough revenue to pay their out-of-pocket costs. Furthermore, in many cases such operations are no longer needed because of the development of alternative transportation service, particularly by improved highways. Curtailment and abandonment of these unprofitable trains offer a means of substantially reducing the passenger deficits. Service abandonments, however, are almost uniformly subject to approval of state regulatory commissions. These commissions have shown reluctance to grant permission because of opposition to the service curtailment from local interests and railroad employees. The ICC has held that its jurisdiction extends only to the complete abandonment of line and operations.

In order to alleviate this situation, the Interstate Commerce Act should be amended to provide that where the Commission finds that continuance of unprofitable facilities or services imposes an undue burden upon interstate commerce, and that adequate service by other forms of transportation are available to meet the public need, it may order the discontinuance of such services or facilities irrespective of the law of any state or the order of any state authority. We believe it is desirable that consideration be given by the Congress to extending this principle to carriers subject to Parts II and III of the Interstate Commerce Act.

(f) Agricultural Commodity Exemptions

In the enactment of Part II of the Interstate Commerce Act providing for the economic regulation of service by trucks, the Congress exempted from regulation trucks carrying certain agricultural products from farm to market.

These exemptions have grown under current court rulings so that now, for example, the ICC has before it a case involving the question of whether green coffee beans and cocoa beans are "exempt" commodities, although neither is produced by any farmer in this country. A continual expansion of these exemptions could destroy the fundamental purpose of the Act.

The ICC which has jurisdiction in this matter has asked Congress to allow it to testify on this complex subject. The Act should be clarified to indicate what exemptions the Congress now wishes to give without undue interference with the main purposes of the legislation.

III. SPECIAL GOVERNMENTAL RATES

In addition to the basic issues of transportation policy discussed above, the special problem of government rates merits attention.

RECOMMENDATION: Continue authority for carriers to establish voluntary special government rates but subject such rates to all provisions of the Act (including public filing) except suspension and long-and-short haul provisions, with authorization for application of special government rates retroactively

and on short notice in special instances and with authorization for waiver of filing requirements in cases where national security is involved.

The use by carriers of that portion of Section 22 of the Interstate Commerce Act granting free or reduced rate transportation to government traffic has given rise to abuses and evils which are not in the public interest. It is recognized also however that government procurement practices and the peculiar exigencies affecting movement of its traffic as distinguished from normal movement in commercial channels require special consideration.

For these reasons existing statutory provisions authorizing carriers to tender special government rates and fares to the United States, State, and Municipal Governments should be amended in such a way as to preserve the features which accommodate the special needs of government traffic movements yet will overcome the present abuses.

Except for rates and fares subject to security, such special government rates and fares should be published in tariffs and filed in accordance with the provisions of the Interstate Commerce Act and regulations thereunder, provided that filing and publication requirements of the Interstate Commerce Commission may be waived to assure application of such rates or fares on less than statutory notice or retroactively.

Upon enactment of legislation to accomplish the above recommendations, a savings clause should be

inserted to permit carriers sufficient time to review and incorporate then existing provisions of Section 22 tenders in published tariff form.

---EXHIBIT NO. 4: Statement of orders on hand in Canadian Shipyards.

EXHIBIT NO. 4

COMMERCIAL WORK

On Page 21 of the Brief, it is pointed out that on May 1st, 1955, shipyards of the Association had on their books orders for only twenty-two commercial vessels of all kinds -

- 10 barges
- 3 scows
- 1 dredge
- 1 tug
- 2 ferries
- 1 package freighter
- 3 canallers
- 1 cargo vessel

Since that time, the following commercial vessels have been delivered:

- 1 canaller
- 1 package freighter
- 1 dredge
- 2 ferries
- 2 barges
- 1 scow
- 1 tug

leaving at the present time orders for only:

- 1 cargo vessel

2 canallers

2 scows

8 barges

In the interval between May 1st and July 13th,
no new commercial orders HAVE BEEN PLACED.

---EXHIBIT NO. 5: List of Members of Association.

EXHIBIT NO. 5

CANADIAN SHIPOWNERS ASSOCIATION

MEMBER COMPANIES

Acadia Overseas Freighters Halifax Ltd.
Acadia Overseas Freighters Limited
Allied Steamship Lines Limited
The Andros Shipping Co. Ltd.
Angusdale Limited
Argonaut Navigation Company Ltd.
Armdale Overseas Freighters Ltd.
Bedford Overseas Freighters Limited
Black Lion Steamship Co. Ltd.
Dingwall Shipping Co. Ltd.
Fairview Overseas Freighters Limited
Falaise Steamship Co. Ltd.
Federal Commerce & Navigation Company Limited
Halifax Overseas Freighters Ltd.
Ivor Shipping Company Ltd.
Kingsport Shipping Company Limited
Laurentian Marine Company Ltd.
Lunham & Moore Steamships Limited
Lunham & Moore Tankers Limited
Montship Lines Limited
Rex Shipping Co. Ltd.
Saguenay Terminals Limited
Seabord Owners Limited

Sun Steamships Limited

Triton Steamship Company Limited

Vancouver Oriental Line Ltd.

Waverley Overseas Freighters Ltd.

Western Canada Steamship Company Limited

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(Page Ap.56 follows)

---EXHIBIT NO. 7: Supplementary Submission of
Dominion Marine Association.

EXHIBIT NO. 7

THE ROYAL COMMISSION ON THE
COASTING TRADE OF CANADA

SUPPLEMENTARY SUBMISSION
IN BEHALF OF
DOMINION MARINE ASSOCIATION
UPON OPENING OF THE HEARINGS
AT OTTAWA JULY 11th 1955

Dominion Marine Association 159 Bay Street Toronto

TO: THE COMMISSIONERS

THE ROYAL COMMISSION ON THE
COASTING TRADE OF CANADA

SUPPLEMENTARY SUBMISSION

OF

DOMINION MARINE ASSOCIATION

as referred to in letter to your
Secretary dated the 25th day of
April 1955.

The supplementary material consists of statistical and factual information, references to which will be made by witnesses, and the material will be tendered as Exhibits.

I.

DOMINION MARINE ASSOCIATION IS A VOLUNTARY ORGANIZATION CONSISTING OF CANADIAN SHIP-OWNERS TRADING ON THE GREAT LAKES OF NORTH AMERICA.

The Association was organized on the 19th day of August 1940 and has continued to function since that time. The objects of the Association, as set out in the documents which formed it, are as follows:-

- (a) To investigate and study matters and problems pertaining to transportation by water on

- the Great Lakes, the River and Gulf of St. Lawrence and waters tributary thereto;
- (b) To procure the establishment and maintenance of aids to navigation and to secure the improvement of channels, docks, wharfs, loading and unloading terminal facilities;
 - (c) To study and deal with all questions affecting employees of members and to deal with employees' unions and representatives thereof as may from time to time seem desirable;
 - (d) To study and deal with legislation in any way affecting members and from time to time to report thereon to the members of the Association;
 - (e) To procure prompt and amicable adjustments of matters affecting shipping and the interests of vessel owners of the Great Lakes, and River and Gulf of St. Lawrence and waters tributary thereto;
 - (f) To do and perform all things which may be in the interests of the members of the Association.

II.

A. The member companies are as follows:-

<u>Name of Company</u>	<u>Gross Tonnage Represented</u>
Canada Steamship Lines Limited	241,696 G.T.
Colonial Steamships Limited	121,905 G.T.

<u>Name of Company</u>	<u>Gross Tonnage Represented</u>
Misener Holdings Ltd.	1,900 G.T.
N. M. Paterson & Sons Limited	112,222 G.T.
Upper Lakes & St. Lawrence Trans- portation Co. Ltd.	117,408 G.T.
Algoma Central & Hudson Bay Railway Co.	32,333 G.T.
Quebec & Ontario Transportation Co. Ltd.	26,199 G.T.
Hall Corporation of Canada	20,358 G.T.
Gayport Shipping Limited	11,069 G.T.
Transit Tankers & Terminals Limited	6,899 G.T.
Shell Canadian Tankers Ltd.	5,986 G.T.
S/S Texaco Chief Limited	6,925 G.T.
Yankcanuck Steamships Limited	4,857 G.T.
Northwest Steamships Limited	3,996 G.T.
Coal Carriers Corporation Ltd.	4,150 G.T.
Bayswater Shipping Limited	3,816 G.T.
Lakeland Tankers Ltd.	4,287 G.T.
Canada Cement Transport Ltd.	4,412 G.T.
Canadian Pacific Railway Co.	7,781 G.T.
Valley Camp Coal Co. of Canada Ltd.	2,878 G.T.
Powell Transports Limited	4,278 G.T.
National Sand & Material Co. Ltd.	2,015 G.T.
Hindman Transportation Co. Ltd.	1,925 G.T.
Marathon Corporation of Canada Limited	3,708 G.T.
	<hr/>
	753,003 G.T.

B. Associated with Dominion Marine are:

Beaconsfield Steamships Limited	17,948 G.T.
Mohawk Navigation Co. Limited	30,000 G.T.
Keystone Transports Limited	15,753 G.T.
	<hr/>
	63,701 G.T.

The number of shipping companies we represent, who join in this Submission, is 27, with a total gross tonnage of 816,704, being some 98% of the Canadian Great Lakes fleet.

C. The Association conducts schools of navigation and marine engineering, at its own expense, for the training of deck and engine room officers so that they may sit for and obtain the requisite certificates as prescribed by the Canada Shipping Act. During the winter months the students are assisted in their studies by a competent staff, so that they may be fully prepared for the Department of Transport examinations.

In the year 1954 there were enrolled

- (a) 62 students in the nautical, or navigation school,
 - (b) 97 students in the marine engineering school.
- The preparation and assistance afforded these students is well illustrated by the results obtained in the Department of Transport examinations, showing in both cases pass results of some 90%.

In many instances students require to attend more than one year in the schools before they feel fully prepared to sit for and obtain their certificates. The nautical, or navigation, school

also gives courses in electronic matters for officers already holding certificates, that is to say training in the operation and maintenance of radar, radio-telephone, wireless direction findings and gyro-compass equipment.

These schools are operated at considerable expense to the Association. Enrolments are accepted from candidates who have served in the ships of companies other than members of the Association.

III.

The following are exhibits consisting of tables and statistical material of various kinds together with a short explanation of each. It is intended to provide a witness who can testify to all these matters, and for that reason they have been put in the form of exhibits.

CONTENTS

EXHIBIT 3 - as to the variability of ocean tramp shipping freights over time.

Graphs 3-1 and 3-2

Tables 3-1 and 3-2

EXHIBIT 4 - as to the variability of ocean tramp shipping freights as between routes and cargoes.

Tables 4-1 and 4-2

EXHIBIT 5 - Canadian Wheat Great Lakes freight rates.

Graph 5-1

Table 5-1

- EXHIBIT 6 - a comparison of current freights per ton-mile for the carriage of wheat on the Great Lakes and on the ocean.
- EXHIBIT 7 - movement of grain from the Lake Head.

Tables 7-1 and 7-2

- EXHIBIT 8 - winter storage of grain cargoes held on board lake ships in the years 1945-1954.

Table 8-1

- EXHIBIT 9 - movement of iron ore to and from Canadian Great Lakes ports in 1953.

EXHIBIT 3

A NOTE ON THE VARIABILITY OF OCEAN TRAMP
SHIPPING FREIGHTS OVER TIME

Practically the only index of tramp shipping freights is that which has been maintained upon a monthly basis since 1920 by the Chamber of Shipping of the United Kingdom, with the exception only of the period August 1939 to December 1947, which is, roughly, the period of the war and of the heaviest post-war controls.

The monthly values of this index for the years 1929-1938 are shown in Graph 3-1; those for 1948 to the recent present are shown in Graph 3-2.

It is clear from these graphs that the freights charged for carriage by tramp ship are extremely variable. The movements are not only wide but very rapid. Study of these graphs will show that freights can double and even triple in a very short time, and can fall with an equal speed.

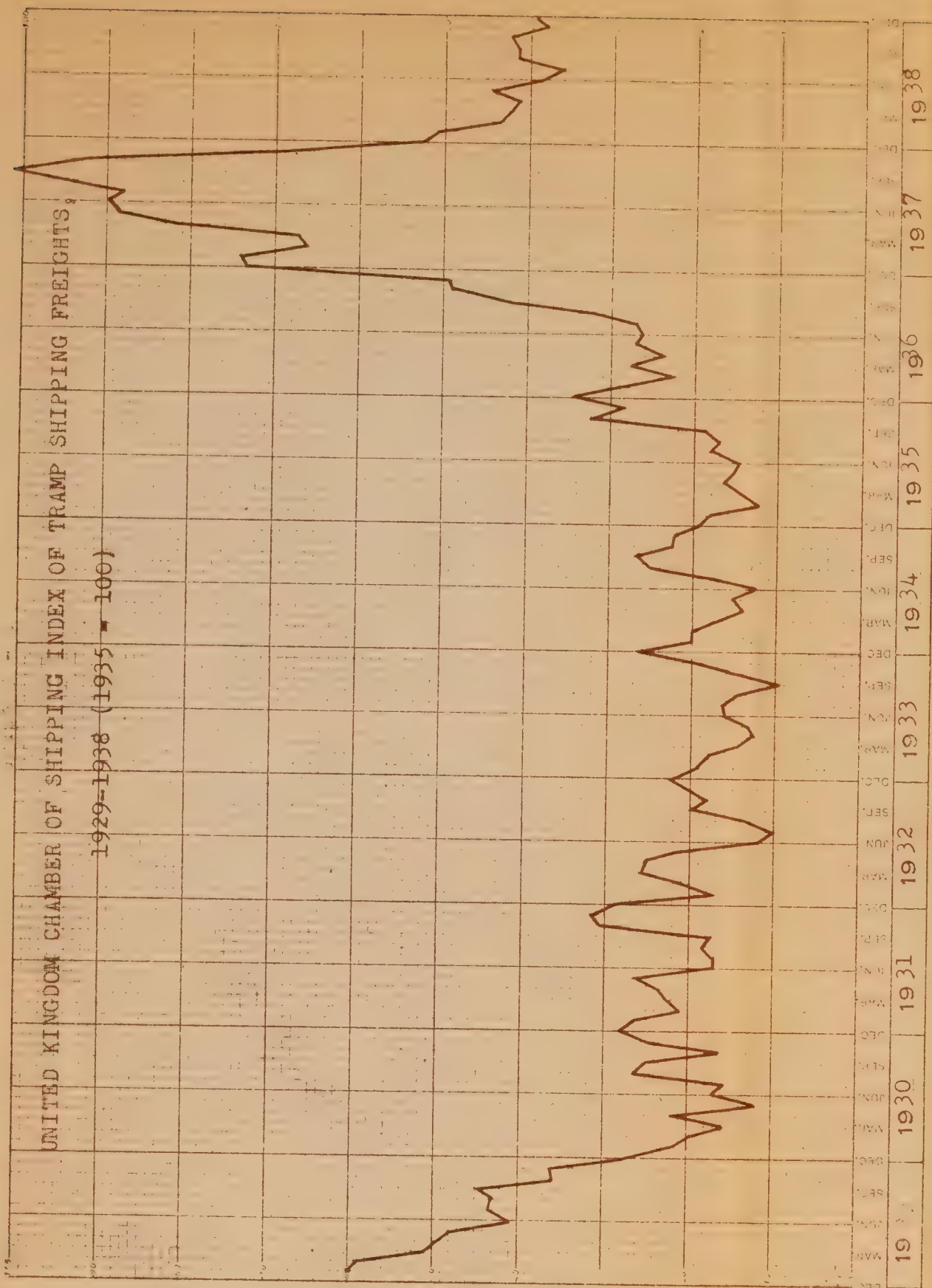
Tables 3-1 and 3-2, which are based on the same numerical data, are included for the assistance of those who find tabular material easier to understand. They show how violent are the movements even in this all-inclusive index which, by reason of its manner of construction, under-states the rapidity of the changes in the earnings of individual ships.

(Graphs 3-1 and 3-2 follow)

UNITED KINGDOM CHAMBER OF SHIPPING INDEX OF TRAMP SHIPPING FREIGHTS,

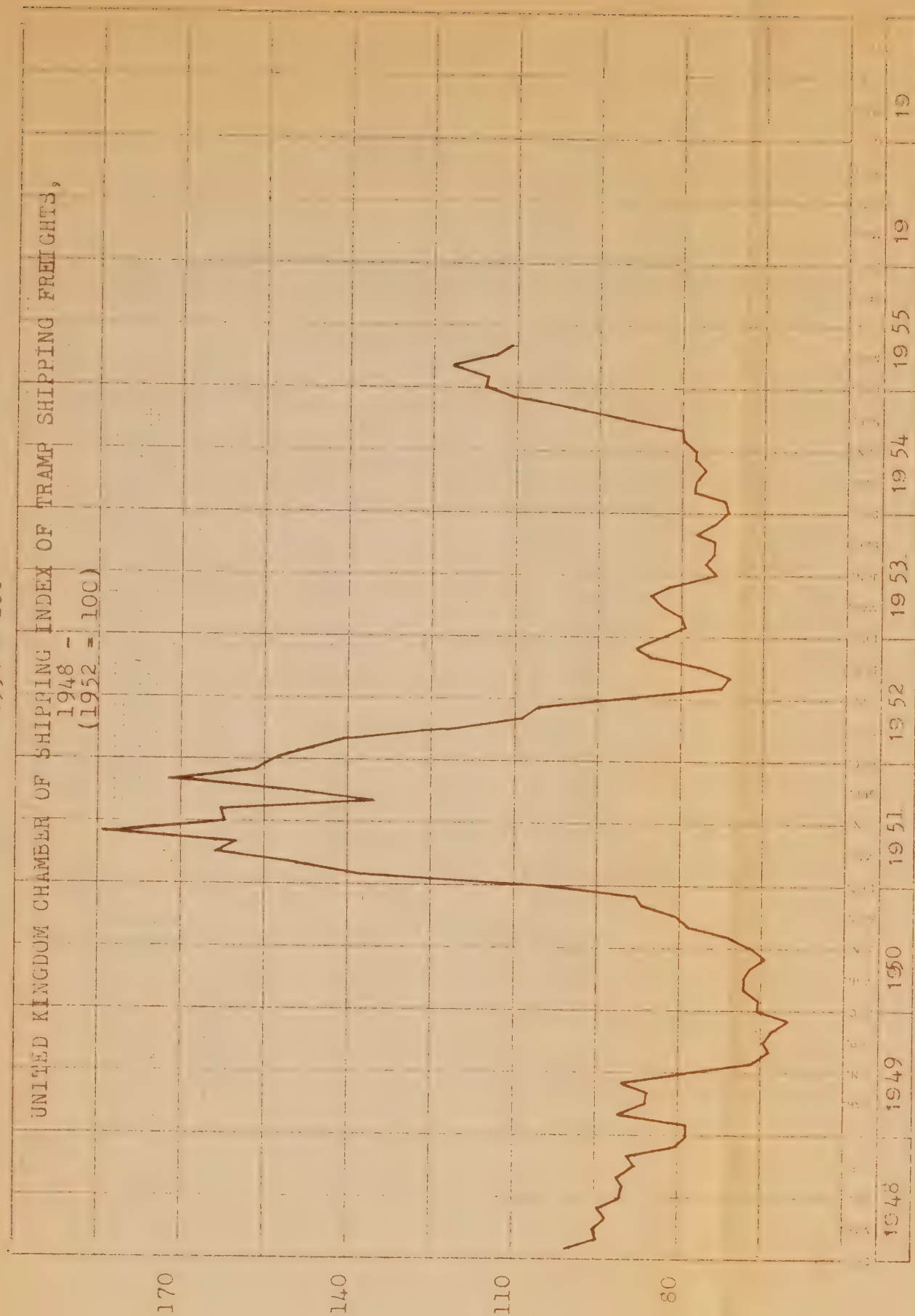
1935 = 100

1929-1938 (1935 = 100)



UNITED KINGDOM CHAMBER OF SHIPPING INDEX OF TRAMP SHIPPING FREIGHTS,

1948 =
1952 = 100



(Exhibit 3)

TABLE 3-1

A TABLE SHOWING THE HIGH AND LOW MONTHLY
INDICES OF U.K. TRAMP SHIPPING FREIGHTS, 1929 - 1938

(1935 = 100)

Year	Low	High	Percentage range from low to high
1929	109.4	149.9	37
30	89.9	110.2	23
31	96.3	114.7	19
32	87.6	107.3	23
33	86.9	108.1	24
34	90.5	108.6	20
35	90.5	118.1	31
36	103.3	166.6	61
37	141.0	201.7	43
38	120.2	138.2	15
Extreme values	86.9	201.7	132

Note: data for seven months only are available
for 1939.

(Exhibit 3)

TABLE 3-2

TABLE SHOWING THE HIGH AND LOW MONTHLY INDICES
OF U.K. TRAMP SHIPPING FREIGHTS, 1948 -

(1952 = 100)

Year	Low	High	Percentage range from low to high
1948	78.5	100.7	28
49	60.1	90.9	51
50	64.6	104.7	62
51	135.0	184.3	37
52	71.2	146.4	106
53	71.5	85.6	20
54	71.9	115.5	61
Extreme values	60.1	184.3	207

Statistical note:

(a) as to sources

The data for the years 1929-1938 were kindly furnished by Mr. G. M. Schuthe, Traffic Service Branch, Canadian Maritime Commission, in a letter dated June 2, 1955. Data for the period January 1948 to April 1955 were drawn from the Annual Abstract of Statistics⁽¹⁾ and its companion monthly publication, the Monthly Digest of Statistics.

(b) as to treatment

This index has been published in four different forms as follows:

1920 - 1937	1920 = 100
1937 - July 1939	1935 = 100
1948 - 1952	1948 = 100
1952 -	1952 = 100

(1) See, for example, ibid., #91 (London H.M. Stationery Office, 1954), Table 248, p. 214.

(Exhibit 3)

TABLE 3-2 (Cont'd.)

The first of these was not formally weighted although there was an implicit weighting system by the choice of most of the data from the major shipping routes. The indices on the other bases are all of them weighted.

For present purposes, the data for the years 1929-36 inclusive have been converted arithmetically from the base 1920 = 100 to 1935 = 100, and those for the years 1948 - 1951 inclusive have been converted to the base 1952 = 100.

(c) additional references

The two major scholarly articles on this topic are L. Isserlis, "Tramp Shipping, Cargoes and Freights", Journal of the Royal Statistical Society, CI(1938), 53-146 and M. G. Kendall, "The U.K. Merchant Marine and its Contribution to the Balance of Payments," ibid., CXIII (1950), p-29.

Mr. Isserlis had been statistician to the Chamber of Shipping since at least as early as 1920 until after the time of writing. Mr. Kendall had filled the same post until shortly before his article appeared.

EXHIBIT 4THE VARIABILITY OF OCEAN TRAMP SHIPPING FREIGHTS
AS BETWEEN ROUTES AND CARGOES

Exhibit 3 dealt with the variability in the all-inclusive index of tramp shipping freights from month to month, and it was there suggested that the inclusive index tended to mask the very wide variations between the freights in particular trades existing at any given point of time. That topic is pursued in this exhibit.

Seven sub-indices are regularly published for important trades. They cover the freights on the following commodity groups, namely, coal, grain, sugar, ore, fertilizer, timber and esparto. These are shown in Table 4-1 which follows.

TABLE 4-1

SUB-INDICES OF THE U.K. TRAMP SHIPPING INDEX 1952 -
(1952 = 100)

1952	Coal	Grain	Sugar	Ore	Fertil- izers	Timber	Esparto
Jan.	121	152	154	144	140	164	138
Feb.	130	144	145	139	148	145	120
Mar.	120	121	134	126	121	117	113
Apr.	113	107	107	112	119	100	106
May	114	102	110	110	109	98	97
June	108	83	92	86	95	93	-
July	83	69	65	70	80	82	-
Aug.	72	74	63	66	80	72	-
Sept.	75	81	69	69	86	75	-
Oct.	85	92	79	78	86	80	73
Nov.	87	85	114	87	91	79	71
Dec.	83	80	110	87	77	74	70
<u>1953</u>							
Jan.	79	82	79	76	80	77	67
Feb.	80	85	81	76	88	71	63
Mar.	83	91	86	78	71	74	63
Apr.	86	90	91	80	95	76	63
May	77	89	89	77	73	76	63
June	73	73	80	71	80	74	63
July	76	76	80	75	92	71	63
Aug.	69	74	77	85	71	69	65
Sept.	68	76	78	81	68	69	62
Oct.	70	78	80	84	98	74	67
Nov.	72	71	75	79	88	73	70
Dec.	71	70	74	69	84	72	70
<u>1954</u>							
Jan.	67	72	75	75	75	73	68
Feb.	80	80	77	77	-	72	66
Mar.	72	82	79	80	81	70	65
Apr.	72	77	80	79	79	73	65
May	73	79	81	80	82	73	68
June	74	76	79	91	-	73	75
July							
Aug.	86	76	93	76	92	76	75
Sept.	91	89	108	97	72	83	76
Oct.	100	100	111	91	93	101	78
Nov.	106	117	126	98	106	104	88
Dec.	107	119	132	99	79	133	93
<u>1955</u>							
Jan.	108	123	114	109	-	-	90
Feb.	106	127	133	111	124	-	90
Mar.	104	120	126	113	118	104	88
Apr.	101	113	117	113	-	108	93
May							
June							

As a means of determining how great are the variations in freights as between these different main commodities at the same point in time, the coefficients of variation of the sub-indices were computed for each of the 15 months, January 1954 to April 1955 (July 1954 data being unavailable). The average coefficient of variation for this period was 10.2 per cent which would indicate that the variations of the sub-indices from their respective monthly means should usually lie within a range of \pm 31 per cent from the monthly mean. It appears as if the sub-indices tend to draw together when freights are relatively stable for several months and to be very widely dispersed in periods of changing freights. These data are shown in Table 4-2.

TABLE 4-2

COEFFICIENTS OF VARIATION OF THE SUB-INDICES
OF TRAMP SHIPPING FREIGHTS IN EACH MONTH
JANUARY 1954 - APRIL 1955

<u>Year and Month</u>	<u>Coefficient of variation</u>
<u>1954</u>	
Jan.	4.6
Feb.	7.3
Mar.	8.6
Apr.	7.1
May	7.0
June	8.6
July	n.a.
Aug.	9.9
Sept.	14.1
Oct.	10.6
Nov.	11.6
Dec.	18.7
<u>1955</u>	
Jan.	10.7
Feb.	13.8
Mar.	11.6
Apr.	8.6

Statistical note:(a) as to sources

The basic data are drawn from Annual Abstract of Statistics (London: H. M. Stationery Office, 1954) p. 214 and Monthly Digest of Statistics.

(b) as to treatment

Table 4-1 merely repeats the sub-indices as published. Table 4-2 shows the coefficients of variation for each of the months January 1954 - April 1955, except for July 1954, which was unavailable. It is the root mean square deviation of the individual sub-indices from their unweighted arithmetic mean expressed as a percentage of that mean. The formula used for the computation of the root mean square deviation (sometimes called the standard deviation) is

$$\sqrt{\frac{\sum X^2}{N - 1} - \frac{(\sum X)^2}{N(N - 1)}}$$

which, for convenience, may be written

$$\sqrt{\frac{N \sum X^2 - (\sum X)^2}{N(N - 1)}}$$

where X = any one of the sub-indices

X^2 = the square of any such index

= the sum of; e.g. $\sum X$ = the sum of all the sub-indices

N = the number of sub-indices

EXHIBIT 5

LAKE FREIGHTS ON CANADIAN WHEAT, 1935-1954

For many years the Board of Grain Commissioners has compiled the weighted average freight charges on each of the principal grains on each of the principal lake shipping routes. For illustrative purposes the charges per bushel on wheat from Fort William-Port Arthur to Goderich and Georgian Bay ports both in current money and in money of constant purchasing power over the years 1935-1954 are shown in Table 5-1 and in Graph 5-1.

The outstanding fact which shows up most clearly in Graph 5-1 is that in real terms - that is, after allowing for the change in the purchasing power of money - the cost of moving wheat across the Lakes in 1954 was almost identical with the cost in 1935 and 30 per cent below the average of the period of strictest wartime price control - 1942-44.

Statistical note:

The sources from which the table and graph in this exhibit were drawn are

- (a) Dominion Bureau of Statistics, Canal Statistics (Ottawa: The Queen's Printer, Annual). See the copies for the years 1939, 1940, 1942, 1944, 1946, 1948, 1950, 1952 and 1954. The Table numbers differ slightly from year to year. In the most recent issue weighted average freights are quoted for each of

wheat, barley, oats, flax and rye for each of the following routes:

- (1) Fort William-Port Arthur to
 - (i) Montreal
 - (ii) Goderich and Georgian Bay ports
 - (iii) Port Colborne
 - (iv) Buffalo and other U.S. ports.
- (2) Port Colborne to Montreal.

In each case the freights are shown in cents per bushel, in dollars per ton of 2,000 lbs. and in cents per ton-mile.

(b) The Canadian general wholesale price index, 1935-1939 = 100, which was used to reduce the current money figures to money of roughly comparable purchasing power was drawn from Dominion Bureau of Statistics, Prices and Price Indexes, 1939-1952 (Ottawa: The Queen's Printer, 1954), p. 16 and Ibid., April, 1955, p. 8.

TABLE 5-1

WEIGHTED AVERAGE FREIGHT PER BUSHEL FOR THE CARRIAGE
OF WHEAT BY WATER FROM FORT WILLIAM-PORT ARTHUR TO
GEORGIAN BAY PORTS AND GODERICH, 1935-1954

Year	Cents (Current Money)	General Wholesale Prices Index 1935-39=100	Cents (in constant money) ^x
1935	1.83	94.4	1.94
36	2.01	96.8	2.08
37	2.15	107.7	2.00
38	2.27	102.0	2.23
39	2.66	99.2	2.68
40	2.34	108.0	2.17
41	3.30	116.4	2.84
42	3.50	123.0	2.85
43	3.52	127.9	2.75
44	3.56	130.6	2.73
45	3.50	132.1	2.65
46	3.57	138.9	2.57
47	4.02	163.3	2.46
48	4.27	193.4	2.21
49	4.50	198.3	2.27
50	4.50	211.2	2.13
51	5.53	240.2	2.30
52	5.53	226.0	2.45
53	5.51	220.7	2.50
54	4.26	217.0	1.96

x Column I divided by Column II

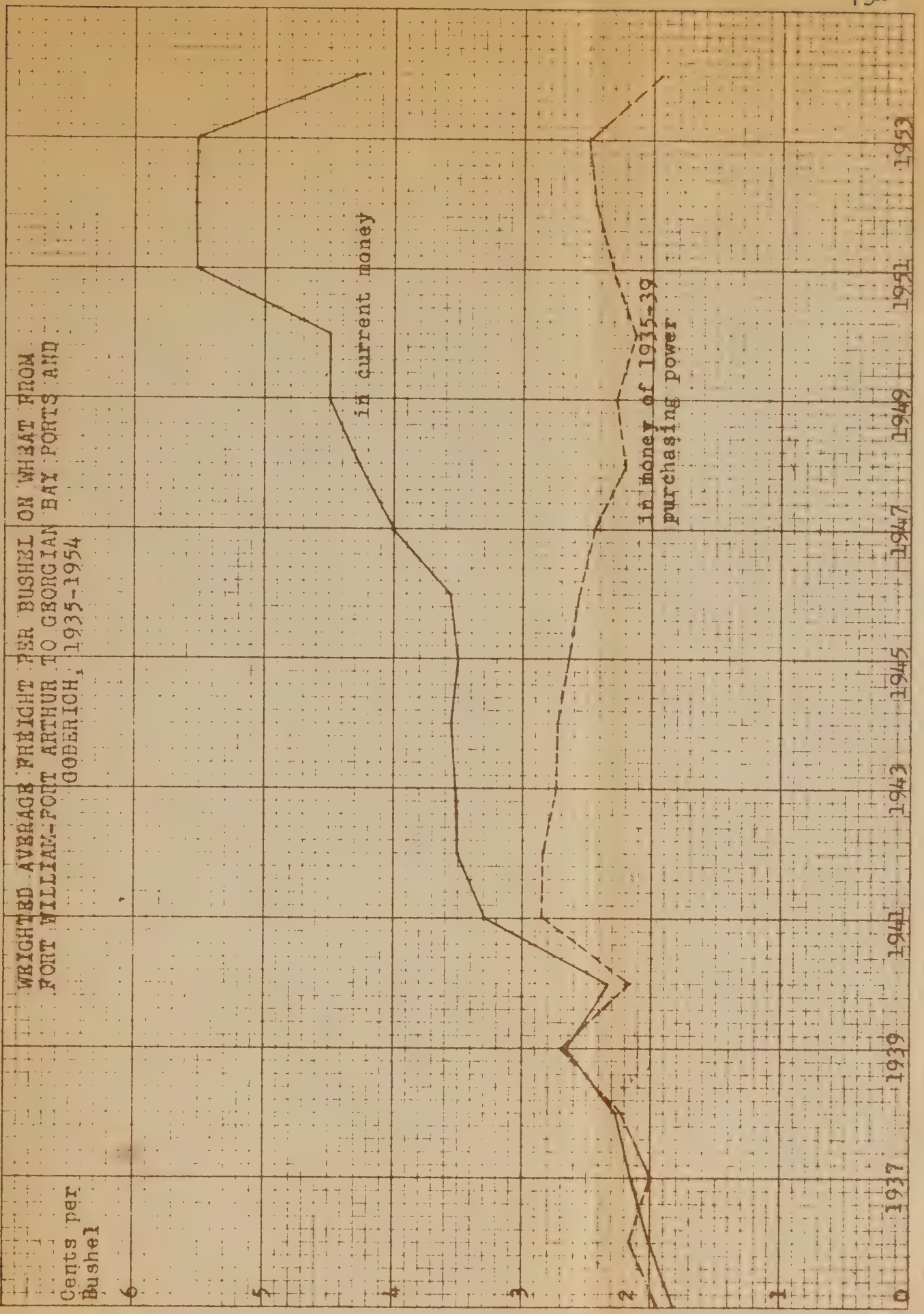


EXHIBIT 6

A COMPARISON OF CURRENT FREIGHTS PER TON-MILE FOR THE CARRIAGE OF WHEAT ON THE GREAT LAKES AND ON THE OCEAN

It is the practice in both the lake and the ocean grain trades that the ship shall bear all costs of loading and unloading, handling and other charges. Therefore it is necessary to deduct these from the quoted transport charge to find the net freight.

In the case of the lake haul the gross freight is currently reported as 4.00 cents per bushel from Port Arthur-Fort William to Georgian Bay ports and Goderich; unchanged from the charges in the months of August to November 1954. This is equivalent to a gross charge per short ton of \$1.33. Loading and other charges come to \$11.15 per 1000 bushels or 37.2 cents per short ton, leaving a return to the ship of 95.8 cents per ton. This works out to 0.178 cents per ton per mile. (1)

At the beginning of May 1955 it was reported that May loadings of grain from the St. Lawrence to United Kingdom ports were being made at 74/6 per long ton⁽²⁾ which equals \$10.24 at £ - \$2.75 Canadian. The handling and other charges are reported as aggregating \$2.10 per long ton, leaving \$8.14 per long ton or \$7.27 per short ton for the ship. The average distance from Montreal to London and Liverpool via Belle Isle and Cape Race is 3450 statute miles, giving an average earning of 0.211 cents per ton-mile.

This is better than 18 per cent above the ton-mile rate upon the lakes.

The ocean haul is 6.4 times as long. Had the freight per ton-mile upon the lakes been 18 per cent greater than on the ocean, it might have been described as a minor triumph because it might have been expected to be higher still on account of the time lost in port, in movement through the canal at Sault Ste. Marie and in the narrow waters above and below it. In fact, the ton-mile rate on the lakes was less than on the ocean so that the comparison reflects great credit on the lake shipping industry.

(1) On the weighted average haul of 537 miles. See Grain Trade of Canada, 1952-53 (Ottawa: The Queen's Printer, 1954), p. 111

(2) Fairplay: A Weekly Shipping Journal (London), May 5, 1955, p. 1046.

EXHIBIT 7

THE MOVEMENT OF GRAIN FROM THE LAKE HEAD

There can be few operations in Canada which are more important than the movement of grain across the Great Lakes. The Table which follows shows how large it has been and shows also that the proportion of it which moves in Canadian bottoms is both high and rising.

TABLE 7-1

NUMBER OF CARGOES OF GRAIN
SHIPPED FROM FORT WILLIAM-
PORT ARTHUR, BY REGISTRY OF
VESSEL,
Calendar Years 1945-1954

Year	Vessels of U.S. Registry		Vessels of Canadian Registry	
	No. of Cargoes	Per Cent	No. of Cargoes	PerCent
1945	643	30.6	1,458	63.4
46	104	9.2	1,027	90.8
47	115	9.3	1,117	90.7
48	80	7.1	1,092	92.9
49	84	6.1	1,287	93.9
50	38	3.7	1,002	96.3
51	92	6.3	1,365	93.7
52	273	15.1	1,534	84.9
53	153	8.4	1,675	91.6
54	49	4.4	1,054	95.6

TABLE 7-2

NUMBER OF BUSHELS OF GRAIN SHIPPED FROM
FORT WILLIAM-PORT ARTHUR, BY REGISTRY OF VESSEL,
Calendar Years 1945-1954

Year	<u>Vessels of U.S. Registry</u>		<u>Vessels of Canadian Registry</u>	
	Millions of Bushels	Per cent	Millions of Bushels	Per Cent
1945	177.4	36.5	307.4	63.5
46	31.0	12.9	209.2	87.1
47	28.1	10.7	233.8	89.3
48	26.7	12.0	196.3	88.0
49	25.0	9.3	245.7	90.7
50	9.8	4.8	195.9	95.2
51	23.5	7.3	297.6	92.7
52	22.0	20.1	364.6	79.9
53	35.1	12.3	391.2	87.7
54	11.2	5.8	278.4	94.2

Statistical Note:

The data herein are drawn from the Lake Carriers Association, Annual Report, 1954 (Cleveland, Ohio: The Association, 1955), p. 110. The same data on a crop-year basis is given for the years 1947-48 to 1953-54 at p. 111. The original source is the Board of Grain Commissioners for Canada.

EXHIBIT 8THE WINTER STORAGE OF GRAIN CARGOES
HELD ON BOARD LAKE SHIPS IN THE YEARS
1945-1954

The winter storage of cargoes aboard lake ships at lower lake ports is at all times a valuable service to the grain trade. It means that more grain can be sent across the lakes to eastern positions than the elevators there will hold. It is then available for sale through the winter.

This service is especially valuable to the farmers of the West at the present time when the carry-over is so heavy that sales from the farm can be made only as elevator space is freed. For example, as Table 8-1 shows, some 26 million bushels were carried in lake ships at the end of the 1954 season of navigation. This freed an equivalent amount of space at Fort William-Port Arthur which could then receive a corresponding amount of grain from the growers.

This put 25-30 millions of dollars into the hands of farmers from 5 to 7 months earlier than would otherwise have been the case.

TABLE 8-1

THE WINTER STORAGE OF GRAIN HELD ON
BOARD LAKE SHIPS CALENDAR YEARS
1945-1954

<u>CARGOES</u>			<u>MILLIONS OF BUSHELS ON BOARD</u>	
	U.S. Vessels	Canadian Vessels	U.S. Vessels	Canadian Vessels
1945	87	49	28.2	10.1
46	36	54	11.0	9.6
47	46	58	15.1	11.0
48	44	57	14.3	11.1
49	76	69	24.4	14.9
50	52	51	15.0	13.1
51	49	64	15.3	13.7
52	71	86	25.9	24.3
53	75	112	28.9	23.3
54	93	101	32.8	26.2

Statistical Note:

The data herein are drawn from the Lake
Carriers Association, Annual Report, 1954
(Cleveland, Ohio: The Association, 1955) p. 113.

EXHIBIT 9
 THE MOVEMENT OF IRON ORE TO AND FROM
 CANADIAN GREAT LAKES PORTS IN 1953.

For technical reasons it is economical to send to the United States most of the iron ore produced in the Great Lakes area of Canada and to import ore from the United States for processing here.

The most complete source from which to trace these movements is the Shipping Report.⁽¹⁾

This source shows the following movements in short tons. The table in the basic source is indicated in each case.

1.	Loaded at Canadian Great Lakes and Upper St. Lawrence Ports	
	(a) for U.S. Great Lakes ports (Tables 1 and 2)	2,057,226
	(b) for coastwise movement (Table 11)	<u>249,366</u>
		2,306,592
2.	Unloaded at Canadian Great Lakes and Upper St. Lawrence Ports	
	(a) from U.S. Great Lakes ports (Table 3)	4,232,307
	(b) from the Union of South Africa (Table 3)	32,202
	(c) coastwise movement (Table 12)	<u>281,201</u>
		4,545,710

(1) Dominion Bureau of Statistics, Annual. This publication began in 1952. In view of the difficulties in getting a new report started, it seems best to confine attention to the 1953 issue, which is the most recent one available.

--- EXHIBIT 8: Proposal for a Great Lakes Treaty
between United States and Canada

EXHIBIT 8

P R O P O S A L

FOR A GREAT LAKES TREATY

BETWEEN THE UNITED STATES AND CANADA

IN FURTHERANCE OF THEIR MUTUAL DEFENSE

BY MAKING PROVISIONS FOR ADEQUATE VESSEL CAPACITY
FOR THE TRANSPORTATION OF ESSENTIAL RAW MATERIALS
BETWEEN THE TWO COUNTRIES ON THE GREAT LAKES

Containing

- I Reasons for proposing Treaty
- II Discussion
- III Outline of proposed Treaty

Lake Carriers' Association
305 Rockefeller Building
Cleveland, Ohio

November 24, 1953

I. REASONS FOR PROPOSING TREATY

The future security of western democracy, indeed that of the whole free world, depends ultimately upon the industrial might of the United States and Canada. Because the industries of the two nations rely for raw materials almost entirely upon the natural resources located in close proximity to the Great Lakes, vessels on these waters have been an indispensable factor in the growth and development of the industry of the two countries.

Great Lakes vessels likewise are essential to the defense of the United States and Canada, as has been shown in World Wars I and II and in the Korean conflict. The Great Lakes merchant fleets of both countries have always recognized an obligation to provide vessel capacity adequate to meet the nations' needs in time of war as well as in peace and have consistently transported the quantities of basic bulk commodities required by industry. A quick look at the extent and nature of this commodity movement on the Great Lakes is sufficient to show its importance. The annual average tonnage (in net tons) for the past five years is:

Iron Ore	87,000,000
Coal	51,000,000
Grain	12,000,000
Limestone	23,000,000
Petroleum Products ...	<u>14,000,000</u>
	187,000,000

Much of the essential tonnage thus delivered

by Great Lakes vessels moves in international trade between the United States and Canada. Of the total movement, about 27 million tons now move between ports of Canada and the United States. Such trade has shown an increase of 131% over the past 25 years and will continue to grow in the future, likely reaching 50 million tons annually within the next twenty years. So substantial, in fact, are the international shipments between the two nations, via the Great Lakes, that were they suddenly to cease the future security of each nation would be seriously impaired. Moreover, it is in the mutual interest of the two nations that each maintain a strong fleet of bulk carriers upon the Great Lakes. Only in this way can both be assured that the basic commodities so essential to industry will not be in short supply.

European flag vessels entering the Great Lakes by the St. Lawrence River have traded through the years to the United States and Canada and between the two countries. In times of war, however, these vessels always have been withdrawn from the Great Lakes. Should the St. Lawrence Seaway be constructed, larger and deeper draft vessels of overseas nations will be attracted into the trade between the United States and Canada as long as a state of reasonable tranquility remains in the world. Several European operators have already announced extensive plans for capitalizing upon the expanding international Great Lakes trade between the United States and Canada.

Vessel operators of overseas nations find this

trade attractive because their construction and operating costs are substantially below those of either the United States or Canada, the differential having greatly increased over the past twenty-five years. In addition, the existence of certain treaties permits them to escape taxation under the laws of both the United States and Canada.

Because of the peculiar situation on the Great Lakes, these treaties result not only in a considerable loss of revenue to the two countries, but, to the extent that the domestic taxes of such operators are less than those of the United States and Canada, result also in a substantial competitive advantage to operators of overseas nations.

Being unable to compete with overseas flag vessels, United States and Canadian Great Lakes operators will be driven from this field of international commerce, without which their fleets will be curtailed to meet the bare needs of their respective domestic commerce. Industry will be compelled to rely upon vessels of overseas nations for the transportation of vast quantities of basic bulk commodities. As in the past, such vessels will be immediately withdrawn from the lakes in times of war and the industrial output of the United States and Canada will be seriously impaired for want of an adequate fleet of Great Lakes vessels.

The waters of the entire Great Lakes system, including the River and Gulf St. Lawrence, are territorial waters of the United States and Canada.

For over one hundred seventy years the two nations, by common agreement, have asserted their sovereign powers over the Great Lakes for the mutual benefit of the inhabitants of both nations. These waters are not the high seas. They have always been distinguished from the high seas by the common policy of the two countries.

Since no laws presently exist to restrict the right of any vessel to trade between the ports of the two countries upon the Great Lakes, it is essential to the mutual security of the two nations that this trade be preserved by mutual agreement to vessels of the United States and Canada. There is much precedent for such an agreement between the two nations. Because of the location of the Great Lakes with reference to the proximity of the United States and Canada and the essential nature and special implications of this international commerce to the defense of the two nations, such an agreement would not violate existing treaty obligations each may have with other nations. Well-founded principles of international law recognize the validity of special arrangements, under such circumstances, to assure the future security of the two nations.

II. DISCUSSION

1. Location of Industry:

Known as the arsenal of democracy, the central basin of North America represents the greatest concentration of industrial might in the world today.

Located within the 20 states and 5 provinces of Canada which go to make up this area is 84% of the iron and steel making capacity of the United States and Canada, more than one-third of their chemical capacity, 25% of their oil refining capacity, 80% of their tank and munition construction facilities, 63% of their general manufacturing, 35% of their total railroad trackage, 57% of their highways, 80% of their production of cereal grains, and about 92,000,000 inhabitants, or approximately 56% of the total population of the two countries. In the aggregate, these human and material resources comprise the backbone and sinews of western democracy and are the major hope for the free world. Strategically, there is no single area of greater importance.

2. Location of Raw Materials:

That the industrial might of North America should be so concentrated is directly attributable to the vast quantities of basic commodities which are readily accessible to industry in the central basin.

At the head of Lake Superior lies the gigantic Mesaba Range. Over 1-3/4 billion tons of iron ore have come from the Mesaba, and 2-3/4 billion tons from all of the upper lake ranges including among others the Gogebic, Marquette and Menominee Ranges of the United States as well as the Hichipicoten and Steep Rock Ranges of Canada.

To the north and west of Lake Superior lie

the grain producing territories of the northwest states and the prairie provinces of Canada. Long a major food stuff for western civilization, grain from these regions moves through the loading terminals at Duluth, Minnesota and Fort William, Ontario, in annual volumes sometimes exceeding one-half billion bushels.

Recent discoveries of petroleum in the northwest states and the prairie provinces are but an indication of the future. During 1952, 19,972,000 barrels or 2,660,000 net tons of this petroleum moved eastward across the Great Lakes.

Along the north shore of Lake Michigan and the northern and western shores of Lake Huron are found limestone, gypsum rock and salt. South of the Great Lakes, in Pennsylvania, West Virginia, Kentucky, Ohio and Illinois, are huge deposits of bituminous coal, used in powering industrial and commercial facilities.

It is from these vast quantities of natural resources located in close proximity to the Great Lakes that industry of the central basin must draw its raw materials. It is readily apparent that the natural resources of the Great Lakes region are so distributed that neither the industry of the United States nor that of Canada can be entirely sustained by raw materials drawn from one country to the exclusion of the other. Iron ore mined in Minnesota is used in Ontario blast furnaces while the major portion of that commodity obtained from Canadian mines in the Lake Superior region moves to United States mills for

consumption. Michigan limestone must serve the industrial and commercial demands of both the United States and Canada. Substantially all of the bituminous coal used in powering industrial and commercial facilities in the heavily populated area of Ontario and Quebec originates in the coal mines of the United States.

3. Transportation of Raw Materials:

Equally as basic to the development and maintenance of industry as the proximity of raw materials is the ultimate accessibility of those materials. Iron ore, coal, limestone and grain are consumed in vast quantities and unless there is a means available for their transportation from the point of origin to the consuming industries over even the relatively short distances involved, proximity is meaningless. Great Lakes vessels are such a means for the transportation of these commodities.

Bordering eight states and two Canadian provinces in the heart of North America's central basin lies the greatest system of inland waterways in the world, the Great Lakes. Extending over a maximum sailing distance of 1,328 miles, with a shore line aggregating 8,300 lineal miles, the Great Lakes serve more than 87 important commercial ports in the United States and Canada. The port of Duluth-Superior is second in tonnage only to New York, while Fort William-Port Arthur is the largest shipping port for grain in the world. Of the 25 largest ports, tonnage-wise, in the United States, 12 are located on

the Great Lakes. Between these ports Great Lakes vessels transport the basic commodities consumed by the industrial and commercial facilities of the central basin.

Industry in the central basin depends almost entirely for its raw materials upon Great Lakes vessels owned by citizens of the United States and Canada and registered under the laws of their respective countries. In 1952, 37,644,320 net tons of cargo moved through the Panama Canal. By contrast, iron ore shipments upon the Great Lakes alone totaled 83,900,094 net tons during the same period. In all, 168,677,006 net tons of the four basic commodities -- iron ore, coal, limestone and grain -- were shipped in Great Lakes vessels in 1952. Over the past 40 years in excess of 5 billion tons of these same commodities have been made available to industrial and commercial consumers through the facilities of the Great Lakes transportation industry. Moreover, average annual tonnages representative of 10-year intervals over the same 40-year period give graphic evidence of the expansion in lake shipments in conformity with the industrial growth of the central basin. They are as follows:

<u>Period</u>	<u>Net Tons</u>
1913--1922	96,854,334
1923--1932	106,867,219
1933-1942	116,868,511
1943--1952	173,414,353

Averages, however, do not demonstrate the extreme fluctuation in demand for basic bulk

commodities to which the Great Lakes transportation industry has been subjected. In 1921 a total of only 68,033,575 net tons of iron ore, coal, limestone and grain were carried. By 1923 the total tonnage had risen to 121,029,400 net tons. Minor recessions were thereafter recorded in 1924 and 1927 but by 1929 the figure of 138,574,441 net tons was achieved, only to be followed by the all-time low since 1901 of 41,672,761 net tons in 1932. It was not until 1940 that the industry again achieved the volume it had attained in 1929. With World War II and pressing defense needs, 182,731,421 net tons were carried in 1942, only to be topped by an additional 1,428,071 net tons in 1944. Thereafter fluctuations ranging between 25 and 30 million net tons were experienced until 1951, when defense requirements brought on by the Korean conflict were met by establishing the present all-time record of 189,750,172 net tons. The indications are that this record may be surpassed by the end of 1953.

Necessarily, these fluctuations have resulted because the transportation of bulk commodities on the Great Lakes is tied to basic industry. Since 1902, 80 to 85% of the iron ore consumed by the steel industry of the United States and Canada has come from the Lake Superior region, via Great Lakes vessels. Yet, without the benefit of construction or operational subsidies, Great Lakes vessels of both the United States and Canada have consistently delivered the tonnages demanded by industry. Because of the ability to meet these demands the whole industrial structure

of the central basin has come to rest upon the proposition that Great Lakes vessels will continue to deliver the necessary raw materials in the future. That this proposition is sound in fact is amply borne out by the manner in which the Great Lakes transportation industry responds in times of national emergency.

4. The Lake Fleets' Wartime Role:

In time of national emergency the efficiently operated Great Lakes vessel can be shifted from peacetime to defense operation almost overnight. In 1917, before the United States had actually entered the first World War, Great Lakes vessel owners pledged unqualified support to their governments and immediately acted to give these pledges meaning. Despite unusually severe fog and ice conditions, 69,998,769 net tons of iron ore were transported in the season of 1917. Early estimates had fixed the maximum requirements at 61,600,000 net tons. Also moved were 7,161,716 net tons of grain and 31,192,613 net tons of soft coal. Twelve bulk freighters, a total of 100,016 net tons, were added to the United States fleet alone.

With war clouds again gathering in 1940, vessel owners were once more faced with the task of delivering critically needed commodities in sufficient quantities to meet armament requirements. This they did by delivering in that year a record 142,874,985 net tons of iron ore, coal, grain and limestone. As in World War I, early steps were taken by owners, in cooperation with Washington and the Canadian government,

to adopt rules for voluntary protection of canals, improved channels and lakes commerce against sabotage.

The potential capability of Great Lakes transportation was indicated in 1941 when the fleets in the incredibly short period of 250 days moved 169,020,975 net tons of war-essential bulk freight. This was 26,145,990 net tons or 18.30% more than had ever been hauled on the lakes. This same year also saw the beginning of the most extensive two-year program of large bulk freighter construction ever undertaken on the Great Lakes up to that time. In all, 21 vessels from 600 to 640 feet long were ordered, adding a total of 344,960 net tons to the ore fleet's trip capacity.

Within a few weeks after Pearl Harbor, the movement of iron ore from South America and Cuba to Atlantic seaboard mills was completely stopped by the sinking or threatened loss of vessels engaged in that trade. Thereafter for the duration of the war iron ore for those mills had to be supplied from the Lake Superior region and transported to Lake Erie ports by the Great Lakes fleet for transshipment by rail to the seaboard. The ore so moved averaged about 5,000,000 tons per year for the duration of the war.

Following America's entry into the war, United States vessel owners, in 1942, voluntarily organized the Lake Vessel Committee to cooperate with the Office of Defense Transportation and other government agencies to assure the required movement of essential commodities. When the War Production Board increased the minimum amount of iron ore to

be carried in 1942 from 98,560,000 to 102,480,000 net tons, Great Lakes vessels more than met the quota by delivering 103,125,995 net tons to United States receiving ports. At the same time the combined fleets of the United States and Canada, for the third successive year, established a new record - 178,587,397 net tons -- for the four principal commodities, iron ore, grain, coal and limestone.

Throughout the rest of World War II the fleets continued to meet the nations' tonnage requirements, and in the years of peace which followed, they delivered the raw materials needed to satisfy the pent-up demand for civilian goods.

With the outbreak of hostilities in Korea in 1950, vessel owners again placed themselves on an emergency footing, U.S. operators organizing the Lake Ore, Coal and Vessel Committee, to advise the Defense Transportation Administration and initiate measures to increase the efficiency of vessel operations and assure maximum commodity movements. Retirement of more than 10% of the United States fleet after World War II effected a reduction in carrying capacity. In order to bring the capacity of the entire fleet to a level adequate for the security of both countries, the industries of the two nations immediately acted to add new tonnage. During 1950 and in the early weeks of 1951 no less than thirteen conventional bulk freighters were ordered by U.S. operators, together with two large self-unloaders for the coal and stone trade. In this same period Canadian

operators ordered eight new bulk ships.

To speed delivery of additional ships, several ocean cargo vessels were converted for lakes use on the east coast. Three new bulk ships also were built for Great Lakes operators on the seaboard for the first time in history. All were moved to the Great Lakes, some in sections, by way of the Mississippi. Meanwhile, the fleets kept intact their reputation for meeting tonnage requirements in times of crisis by efficient operation, establishing in 1951 the current total commodity record -- 189,750,172 net tons.

By midsummer, 1953, a total of 27 new bulk ships and 4 self-unloaders had been ordered since the start of the Korean War. By the end of this year the American bulk carrier fleet will consist of 383 vessels, while that of Canada will be 197. Total trip capacity of the combined fleet will be in excess of 4,939,200 net tons, or the largest in history.

5. The Importance of United States-Canadian Trade and Cooperation:

It would be idle to suppose that either the United States or Canada could have met the armament demands of two world wars and the Korean conflict without the raw materials supplied by the other. International trade upon the Great Lakes between the two nations has played a significant part in their mutual security.

During the war years 1940-1945, Canadian blast furnaces at Sault Ste. Marie, Port Colbourne and Hamilton, Ontario, received 15,140,802 net tons

of iron ore from the Lake Superior region, by far the greatest portion of which originated in United States mines. During the same period Canada consumed annually over 10,000,000 tons of soft coal from the United States.

Since World War II, there has been a marked expansion in Canadian steel making facilities. By 1951, Canadian ore receipts of Lake Superior iron ore reached an annual volume of 4,009,408 net tons. Since 1932, the percentage-wise increase in receipts of iron ore at Canadian ports has been greater than the increase in similar receipts at United States ports. At the same time soft coal shipments to Canada in 1951 reached 11,673,091 net tons.

So important in fact is the expanding trade between the United States and Canada on the Great Lakes that it totaled 17,000,000 net tons in 1949, 20,000,000 net tons in 1951, and by 1952 has rocketed to 27,000,000 net tons. In terms of essential commodities, 1952 saw 5,417,000 net tons of iron ore along moving in international trade between the two countries. During the same period, international grain shipments reached 94,400,000 bushels. In all, the international trade in essential bulk commodities, during 1952 was as follows:

<u>1952</u>	<u>Net Tons</u>	<u>% of Total Tonnage</u>
Iron ore-U.S.to Canada	3,682,000)	7%
Canada to U.S.	1,735,000)	
Coal -U.S. to Canada	14,830,000	27.6%
Grain -U.S. to Canada	15,800,000 (bu))	15%
Canada to U.S.	78,600,000 (bu))	
Limestone-U.S. to Canada	750,000 tons	3.2%

Equally important as the exchange of basic commodities between the two nations, however, is the interest each has in the maintaining by the other of a strong bulk carrier fleet upon the Great Lakes. In times of emergency both the United States and Canada aid each other in transporting required tonnages of critical commodities by waiving coastwise laws. For example, during the years 1941-1952 inclusive, Canadian ships were permitted by Congress to transport iron ore between United States ports. In similar periods of stress United States ships have been allowed by the Canadian government to move grain between Canadian ports.

Without the huge tonnages of iron ore, coal, limestone and other raw materials -- essentials to armament production moved by the lake vessels of the United States and Canada -- it is doubtful whether two world wars could have been won or the forces of the United Nations mobilized so rapidly after the outbreak of the Korean conflict. Following World War I, General Tyler, one-time Assistant Chief of the United States Corps of Engineers, made the following comment about the Great Lakes Transportation system:

"For two years, the demand of the Allied
"Powers for steel for arms and munitions
"was tremendous and then the immense
"requirements of the United States Government
"to construct ships and to arm and supply
"the Army and Navy were added. The great
"system of lake and rail transportation
"which had been developed in the century
"since Commodore Perry's victory in 1813,
"met every requirement of the emergency
"and had incalculable weight in the
"favourable outcome of the war. As long
"as the iron mines on Lake Superior and
"the coal mines last, and as long as wars
"are still a possibility, the transportation
"system built around water carriage on the
"Great Lakes will continue to be one of
"the greatest elements of military and naval
"strength, better appreciated, perhaps by
"the possible enemies of the United States."

Should the present defense program be unduly
extended or a new emergency arises in the future,
the combined Great Lakes fleet of the United States
and Canada stands prepared.

6. European Vessels on the Great Lakes:

The operation of vessels of European registry
into the Great Lakes first originated during the
latter years of the depression '30's. These ships,
primarily designed for service in the Mediterranean-
North European fruit trades, were placed in the

European-Great Lakes trade in an effort to enhance the income of their owners during a difficult operating period. For instance, during the mediocre lake season of 1935, 52 different ships were reported upbound through the Welland Canal. In 1936, when depression influences in Europe were waning, only 20 ships, comprising Norwegian, Danish and German registry, were reported. In 1937, 20 vessels engaged in the trade for a total of 43 passages. With hostilities commencing in 1938, European vessels withdrew and no further incursions into the lake trade were noted until conclusion of World War II. Thereupon, European owners, recognizing the possibilities extant in the direct Great Lakes trade and realizing their competitive advantage by reason of low wage scales and shipbuilding costs, gradually began building up their fleets of St. Lawrence Canal-size ships. The following tabulation indicates the upward trend in the Great Lakes export and import trade by vessels of north-European registry since World War II.

<u>Year</u>	<u>Number of Individual Vessels</u>	<u>Total Trips</u>	<u>Number of Different Flags</u>
1937	20	43	3
1938-1944	0	0	0
1945	1	1	1
1946	12	21	3
1947	15	37	3
1948	25	58	3
1949	28	73	4
1950	44	95	5
1951	41	101	5
1952	60	145	6
1953	114	263	8

Most of the long-established European

operators have indicated that they will bring larger and deeper draft vessels, already on the drawing boards, into the lakes if and when the St. Lawrence Seaway is completed. These vessels would supersede the carriers, now coming in from the Atlantic, whose length is limited to 258 feet by locks of the St. Lawrence River Canals.

In addition, some foreign shipping companies which heretofore have shown little, if any, interest in the Great Lakes as a field for expansion of activities, are taking long looks at the lakes through their seaway glasses.

7. European Vessels Trading between United States and Canadian Ports:

Although most of the tonnage moved on the lakes in European ships goes to, or comes from overseas ports, a growing number of these vessels in recent years have been trading between United States and Canadian ports. In 1952 two European ships made a total of 11 trips between the two countries. So far in 1953 two vessels have made a number of similar runs. In all but one instance grain was moved between Fort William, Ontario, and Chicago or Milwaukee, the exception being a cargo of grain from Chicago to Toronto.

It should be pointed out that as a historical fact with the beginning of World War II and for as long as it lasted, European vessels were completely absent from the Great Lakes. In time of war these vessels are subject to the control and direction of

their respective nations. The United States and Canada have no control over them unless they be seized as prizes of war of a hostile nation. It would be folly for the United States and Canada to rely upon European vessels in the event of future wars to move vital commodities such as iron ore, limestone, coal and grain over the Great Lakes.

8. Construction and Operating Costs of European Vessels;

Long recognized as a deterrent to competition by vessels of United States registry in foreign trades have been the lower construction costs of vessels built in European shipyards and the very markedly lower wage rates in effect on those vessels. These differentials have expanded during the years since World War II in an almost fantastic degree. An outstanding example is the Superliner UNITED STATES. Built at a total cost in excess of \$70,000,000, the operating company paid approximately \$28,000,000, the price of a comparable vessel constructed in Europe. The balance of the cost was borne by the tax-payers of the United States, partially as a subsidy and partially to cover the cost of special defense features built into the vessel.

Other recent examples of a parallel trend were the construction costs of the American Export Liners Constitution and Independence. Because of a dispute between American Export Lines, the prospective owner of the ships, and the U.S. Maritime Commission relative to construction differential subsidy to be accrued, a special survey of

shipbuilding costs in the Netherlands was undertaken by a joint group representing both interests. The company's representations were fully sustained.

Wages of vessel crews are commonly considered to represent the largest single item in vessel operating costs. A recent survey indicated that the average basic monthly wages for able seamen classifications on vessels of five principal nations, i.e., Great Britain, Sweden, Norway, Greece and Italy, were \$67.00. On United States vessels engaged in the foreign ocean trades, the average basic monthly wage for such personnel was \$313.00, or more than 4.6 times that of competitive foreign vessels. Wages currently paid on Great Lakes vessels are even higher. Significant, too, is the fact that some European countries still have the two watch - 12 hour day, whereas the Great Lakes vessels of the United States and Canada have the three watch - 8 hour day. In addition, United States vessels have the 40 hour week for their seamen.

When, therefore, a European flag vessel is docked at a Great Lakes port its wage costs are no more than one-sixth of the payroll of a United States Great Lakes vessel. It is easy to understand why a foreign ship is attracted to the transportation of grain between the United States and Canada on the Great Lakes.

9. The loss of Revenue:

Operators of foreign vessels engaging in trade between the United States and Canada on the

Great Lakes escape all taxation under the laws of the United States and Canada. This results from traditional tax policies of the two nations which are designed to relieve from the burdens of double taxation.

For example, the Internal Revenue Code of the United States, section 22(b)(7), provides that "income of any kind to the extent required by any treaty obligation of the United States" shall not be included in gross income. This means that non-resident aliens and foreign corporations engaging in trade or business in the United States escape all taxation upon the earnings of their vessels if the country whose flag the vessels fly grants an "equivalent exemption" to citizens of, or corporations organized in, the United States. I.R.C., Section 212(b) and 231(d)(1).

At present the United States exempts such earnings from taxation by virtue of treaties with the following countries: Canada, Belgium, Denmark, Finland, France, Greece, Ireland, Netherlands, New Zealand, Norway, Sweden, Switzerland, Union of South Africa and United Kingdom. Treaties are presently in preparation between the United States and Argentina, Australia and Austria.

The Income Tax Act of the Dominion of Canada, Statutes of Canada 1948, c. 52, s. 10(1)(c), provides that there shall not be included in the income of a non-resident taxpayer sums earned in Canada from the operation of a ship if the country where that person

resides grants substantially similar relief to a resident of Canada. Tax conventions granting such relief presently exist between Canada and France, New Zealand, Sweden, United Kingdom and the United States.

The objective of such treaties is to secure to the nationals of the contracting parties the benefits of freedom from double taxation when carrying commerce into a foreign port. This purpose fails, however, when commerce between the United States and Canada upon the Great Lakes is open to all nations. The policies evidenced by the treaty and statutory provisions of both the United States and Canada presupposes that United States and Canadian vessels are capable of engaging in commerce with all nations. The structural requirements of Great Lakes vessels are such, however, that these vessels are incapable of conducting foreign commerce other than upon the Great Lakes. Consequently, these vessels can secure no benefit from reciprocal provisions of this nature other than as between themselves. The benefits, therefore, of such provisions can work only to the advantage of other countries.

At the same time, such provisions do remain necessary to protect that commerce which is carried into foreign ports by other types of United States vessels. As a result, reason dictates that Great Lakes commerce between the United States and Canada be distinguished from foreign commerce generally by reserving such commerce to United States and Canadian vessels.

Unless Great Lakes commerce is preserved to the United States and Canada, both countries will lose the revenue which they would ordinarily derive from the taxation of income of their own nationals. It is customary to tax the income of citizens, domestic corporations and residents, whether citizens or aliens, even though derived from sources outside the geographical boundaries of the state.

When this commerce is carried in vessels of nations other than the United States or Canada, this revenue is lost where application of these taxes would be contrary to any treaty obligation of the United States. Even where no treaty is in existence, a foreign corporation carrying on the business of transportation reports as gross income only that portion of its total revenue which is applicable to transportation services rendered within the United States. (Reg.111, Sec. 29.119-13).

Were this commerce reserved to United States and Canadian vessels, however, each country would exempt from taxation under the treaty of June 17, 1942 between the two nations, the income derived from the operation of the ships of the other. Since the vessels of each would be equally free and capable of conducting commerce upon the Great Lakes, both nations would be unrestricted as to their own vessels in adopting a tax policy commensurate with the national interests of each. When, however, foreign vessels are permitted to engage in trade between the two nations upon the Great Lakes, this source of revenue

is effectively removed.

Unless Great Lakes commerce between the United States and Canada is preserved to the vessels of the two nations, foreign operators will be relieved of such taxes, and to the extent that the domestic taxes of such operators are less than those of the United States and Canada, their costs, thus reduced, will operate to their competitive advantage.

Consequently, not only will the underlying philosophy of existing tax conventions be frustrated, with a considerable reduction in revenue to both the United States and Canada, but the competitive advantage of foreign nations upon the Great Lakes will be such as to threaten the very existence of present Great Lakes fleets.

10. The Real Cost: National Security

Much more is involved in the matter under discussion than the loss of jobs, of business and of income to our nationals. The safety and welfare of our two countries, and even of the whole free world, is dependent upon the continued availability of ships to carry the necessary raw materials over the Great Lakes. No other method of transportation ever has been, or ever will be able to move any substantial part of the tremendous cargoes now transported by vessels of the United States and Canada.

Just a quick look at the extent and nature of this cargo movement on the Great Lakes is sufficient to show its importance. The figures given are an annual average for the past five years in net tons:

Iron Ore	87,000,000
Coal	51,000,000
Grain	12,000,000
Limestone	23,000,000
Petroleum Products	<u>14,000,000</u>
	187,000,000

Of this total movement, about 27 million tons now move between ports of Canada and the United States. Such trade has shown an increase of 131% over the past 25 years and will continue to grow in the future. Most of the iron ore shipped from new fields now being developed in Canada will come to the United States while industrial expansion in Canada will require more coal and limestone from the United States. This trade between the two countries will likely reach 50 million tons annually within the next twenty years.

The movement of 50 million tons of cargo is an attractive business that will be sought by the ships of all maritime nations just as soon as the waters of the Great Lakes become available to them. Even now the possibilities are not being overlooked by the vessel owners of seven European nations, as has already been pointed out. As has also been stated, ships of Canada and the United States cannot compete with these foreign vessels because of very much higher construction and operating costs.

So what happens? Gradually, or perhaps more abruptly, foreign ships take over this substantial trade and the vessels of the two nations to whom this traffic is of vital importance, pass out of

the picture. The ship yards that built the Great Lakes vessels also wither and die. With their passing, goes a supply of specialized labor that takes years to train, skill that has turned out both combatant and non-combatant ocean ships that have helped win our past wars.

The passing of the Great Lakes vessels, the ship yards and the shipbuilders is only the first part of the picture of foreign usurpation of the trade between Canada and the United States. Once those things are gone, industries of the two countries become dependent upon foreign vessels, some of which might be owned by enemy nations in future conflicts. Certainly the majority of them would be withdrawn promptly from the trade in any time of world emergency as they have been in the past. Then, who will carry the iron ore and limestone needed for the steel that makes not only our ordinary household conveniences, but also our munitions, motive power, guns and tanks? Who will move the coal and petroleum products to keep industry running and our people comfortable? Who will transport over the Great Lakes the grain to feed a large part of the world's population?

The only answer to those questions is to insure that our two nations do not become dependent upon foreign countries for the movement of the basic materials so necessary to our life and liberty. Some way must be found to preserve this trade across the Great Lakes between Canada and the United States to the vessels of those two countries.

11. Sovereignty of the Great Lakes

The entire Great Lakes, including the River and Gulf St. Lawrence, lie either within the territory of the United States or Canada. These waters are not the high seas or oceans which are the common highways of vessels of all nations. On the contrary, these waters are the territorial waters of the two countries and being within the territory of the two countries, the waters and all vessels and persons upon the waters are always subject to the dominion of one of the countries within their respective geographical limits.

United States v. Rodgers, 150 U.S. 249: Bigelow v. Nickerson, (CA7) 70 F. 113: The J. Duffy, (D C Comm) 14 F. (2d) 426.

Both countries by separate legislative acts exercise sovereignty over vessels upon the Great Lakes. By the Act of February 28, 1871, the Congress of the United States provided generally that all vessels "navigating the Great Lakes" and being "within the jurisdiction" of the United States, "shall be subject to the navigation laws of the United States" and "shall be subject to all rules and regulations established in pursuance of law for the government of steam vessels in passing, . . ." 46 USCA ss 264. There are instances of the exercise of sovereignty by the United States over all vessels in specific matters, such as, for example, the Great Lakes Load Line Act of 1936. 46 USCA ss88 a. Briefly stated, that Act makes it unlawful for any merchant vessel to depart any port in the United States on the Great

Lakes unless she meets the requirements with respect to marking and loading imposed by the Commandant of the Coast Guard. Of course, there is provision as to foreign vessels for recognition of the load line requirements of their respective governments, but such recognition arises out of reciprocal arrangements between the United States and other countries and is not explained by any want of sovereign power on the part of the United States to require foreign vessels to comply with our laws.

It does not appear that Canada has any general law, such as our Act of February 28, 1871, requiring all vessels within her territory to comply with her navigation laws. Such requirements are imposed separately in various Acts of Parliament, such as, for example, the Acts prescribing the rules for the prevention of collisions and loading of vessels. Canada Shipping Act, Chap. 44, Section 637 and Section 423, respectively.

In most essential matters of safety of life and property on the Great Lakes the two countries have uniform standards. The rules of the road are identical and have been since 1895. Neither country makes any changes in its rules unless the changes are simultaneously adopted by the other.

Since the founding of the United States both countries have observed through treaties their full sovereign right to govern the use of the Great Lakes. Beginning with the Treaty of Paris of 1783 and continuing with the Treaty of 1842, the Treaty of

1872 and the Boundary Waters Treaty of 1909, the two countries have assured each other that the Great Lakes, including the River and Gulf St. Lawrence, should be and forever remain common highways of commerce "to the inhabitants and to the ships, vessels and boats of both countries, . . ." The Boundary Waters Treaty, Article 1. In making certain that these waters shall be available primarily for such commerce the two countries by the same treaty impose restrictions upon each in any use, obstruction and diversion of its waters affecting the level of the waters in the territory of the other.

By the Salvage Treaty of 1909 each country on its side of the boundary in contiguous waters accords to the citizens of the other the right to engage in salvage and towage incident to salvage. The citizens of no other country enjoy such rights on the Great Lakes.

The most recent expression of mutual sovereignty is the Great Lakes Radio Telephone Treaty of 1952. By that treaty the two countries by joint agreement impose upon all vessels navigating the Great Lakes requirements with respect to radio communication in the interest of safety of life and property. The provisions of this compact come into force November 13, 1954.

It should be carefully noted, too, that throughout this long history of the pooling of sovereign power upon the Great Lakes, to the mutual benefit of the inhabitants of both nations, the

commercial activities upon these waters have constantly been distinguished from those carried on elsewhere. For example, the Merchant Marine Act, 1936, establishes construction and operating-differential subsidies for vessels of United States citizens engaging in foreign commerce. But at the instance of owners of Great Lakes vessels, it is provided, in Section 605 (a), that "No vessel operating on the Great Lakes or on the inland waterways of the United States shall be considered for the purpose of this act to be operating in foreign trade." Thus, not only have the United States vessels, engaged in trade with Canada upon the Great Lakes been self-sustaining, but the United States government, by statute, has determined that this trade, though in fact carried on with a foreign nation, is to be distinguished from foreign trade generally.

The International Convention for the Safety of Life at Sea, 1948, to which both the United States and Canada are signatories, stipulates that "Nothing herein shall apply to ships solely navigating the Great Lakes of North America and their connecting and tributary waters as far east as the lower exit of the Lachine Canal at Montreal, in the Province of Quebec, Canada." This provision was inserted in the convention on the direct request of the representatives of the United States and Canada. Since the regulations of this Convention, unless expressly provided elsewhere, apply only to "ships engaged on international voyages," it is immediately apparent

that this exclusion of Great Lakes activity is aimed directly at the trade between the United States and Canada. Again, this is but an example of how the two nations, because of their mutual interests, distinguish the trade between them upon the Great Lakes.

In the event the Great Lakes are opened through the construction of a deep waterway, it should be realized that neither the physical characteristics of the lakes themselves nor the nature of the commerce between the United States and Canada will change. Consequently, the policies which have directed the course of events upon these waters for over 170 years should not now be abandoned, but preserved, in the interest of continuing service to the inhabitants of both nations.

12. Preservation through Joint Agreement

By their domestic laws the United States and Canada restrict the right to trade between their respective ports to their own vessels. In the United States the restriction is accomplished by defining the vessels which may engage in trade between our ports and further, by prescribing the citizenship of the vessels.

In brief, the provisions are (1) that no merchandise shall be transported by water or by land and water between points in the United States in any vessel other than a vessel built in and documented under the laws of the United States and owned by persons who are citizens of the United States, and

(2) that the officers of such vessel shall be citizens and at least 75% of the crew, meaning unlicensed seamen, shall be citizens of the United States.

46 U S C A ss ss 883, 221, 672(a), 672(b)

The restriction upon the nationality of the vessel which may engage in trade between Canadian ports is much the same under Canadian law. The provision of Canadian law, briefly stated, is that no goods shall be transported by water or by land and water from one place in Canada to another place in Canada in any ship other than a Canadian ship or a ship of any member of the British Commonwealth of Nations, Signatory to the Commonwealth Merchant Shipping Agreement of 1931. Canada Shipping Act, Chap. 29 ss 671(1)

There are no other restrictions in the laws of these countries as to trading into and out of their ports. Nowhere do they restrict the right of vessels of any flag to trade between the ports of the two countries within the Great Lakes.

The United States and Canada have sovereign power to determine the nationality of vessels which may enjoy the privilege of trading in and out of their ports. That determination may be made either by each country's enacting separate and similar legislation, or by the two countries' entering into joint agreement. In either event the objective would be to limit the right to trade between United States and Canadian ports within the Great Lakes, including the River and Gulf St. Lawrence, to

United States and Canadian vessels. Obviously domestic legislation would be necessary in Canada to limit the definition of a Canadian vessel to those owned by citizens of Canada.

Of the two choices, joint agreement would be preferable. In the first place, the purpose of the restriction would be to assure vessel capacity for the movement of essential commodities between the two countries in time of common peril or emergency. In the second place, the responsibility for offense, if any, to other nations should be borne by both countries and not fall first upon one as the initiator of the restriction through legislation.

13. A Recognized Course of Action

The Great Lakes Salvage Treaty of 1908 is precedent for joint action on the part of the United States and Canada in restricting trade between ports of the two countries on the Great Lakes to their own vessels. By that treaty the two countries agreed that within the waters through which the international boundary passes, only their vessels may engage in salvage and towage incident to salvage. The implications of that treaty are (1) that it operates to restrict the vessels and persons which may engage in salvage in these waters and (2) that it recognizes the urgency of special provision for relief of vessels in distress in the interest of preserving vessel property owned by citizens of the two countries. The urgency of national defense to which the proposal herein refers is of the same degree although much

broad.

At the same time, preservation of the commerce upon the Great Lakes between the United States and Canada to the vessels of these two nations would not violate treaties of friendship, commerce and navigation which either nation may have with others. Even though many of such treaties grant unconditionally the privileges extended to the most favored nation, the most-favored-nation policy must not be misunderstood.

Prior to 1923 it was the policy of the United States to grant most-favored-nation concessions only upon condition that the United States receive concessions similar to those already granted by the most favored nation. Whitney v. Robertson, 124 U.S. 190; Bartram v. Robertson, 122 U.S. 116. It was then the position of the United States that reciprocal concessions were not favors but were given for a consideration. Hence, these concessions would be extended to other nations by the United States only upon their granting like concessions. This was in opposition to countries such as Great Britain and Germany which have steadfastly maintained that a concession, once granted, should benefit all. Hyde, Concerning the Interpretation of Treaties, 3 A.J.I.L. 46, 58 (1909).

With the Tariff Act of 1922 the United States reversed its policy and has since required only that the United States receive from the other contracting party treatment similar to that offered by the contracting party to other nations. John T. Bill Co., Inc. v. United States, (U.S. Court of Customs and

Patent Appeals) 104 F (2d) 67. Despite this reversal of policy, however, the objectives of our foreign policy in this area have remained substantially the same, namely, to release American trade from discrimination in the interest of competing with other nations in the markets of the world. 5 Hackworth, International Law, 273

Treaties of friendship, trade and commerce are bilateral in nature and the language generally employed, "between the Territories of the High Contracting Parties there shall be freedom of Commerce and Navigation," indicates that the immediate purpose of the most-favored-nation clause, though unconditional, is to free the commerce of each nation from discrimination by the other. "It does not mean generalization of American concessions to countries which do not, in fact, generalize to us or which discriminate against American Trade." (Hackworth, before the A.B.A. meeting in Los Angeles, California, July 16, 1935.)

But more important is the fact that although it is customary to stipulate, as in the Treaty between the United States and Norway, 1932, Art. VII, that "the Nationals of each of the High Contracting Parties equally with those of the most-favored-nation, shall have liberty freely to come with their vessels and cargoes to all places, ports, and waters of every kind within the territorial limits of the other," such is not a free license to engage in all types of trade. For example, air navigation privileges under special agreements will not be extended by the United States

to other nations by virtue of a most-favored-nation clause in a commercial treaty; 5 Hackworth, International Law, 291. Such a clause has been held not to limit to one-hour's sailing time the distance off shore within which a Honduran rumrunner may be seized. The Yulu, (CCA 5) 71 F (2d) 635.

Of most significance in this respect, is the fact, however, that the language of a most-favored-nation clause must be construed in light of accepted principles of international law, principles to which all nations adhere. It is accepted and acknowledged by the major commercial nations of the world that territorial propinquity may give rise to particular legal privileges. Since geographical relationships frequently result in commercial characteristics not applicable to foreign trade generally, economic and political considerations necessitate that they be given special attention.

The scope of this doctrine is readily indicated by a few illustrations. In 1875 Hawaii made special concessions to the United States in the matter of import duties. Great Britain protested this preference upon the grounds that it violated the most-favored-nation clause of her treaty with Hawaii of 1851, but finally, "in consideration of the peculiar circumstances of the commercial relation of the Hawaiian Islands," Great Britain conceded to this preference. (Lord Darby to British Representative at Honolulu January 25, 1878) 5 Moore, Digest of International Law, 264. Similarly, when Germany ratified a treaty

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with Hawaii the following year it was therein provided, in substance, that because relations of proximity and other considerations having rendered it important to the Hawaiian Government to enter into mutual arrangements with the United States, the benefits of such arrangements shall not extend to Germany.

It was precisely these acknowledgments by Great Britain and Germany which later led Mr. John Bassett Moore, at that time perhaps the leading authority on International Law, to say of the proposed tariff for Cuba of 1904:

"We have in this case of the United States
"and Cuba a remarkable example of those
"special and exceptional relations, physical
"and political, which not being estimable
"simply in terms of commerce, are universally
"recognized as the surest foundation for the
"mutual exchange of exclusive advantages;
"relations, moreover, which are expressed in
"valid public acts whose legal effects all
"nations have acknowledged." (J.B.Moore,
Opinion on the question of a special tariff
for Cuba, January 14, 1902) 3 A.J.I.L.58,
note 21.

Consequently, the United States, as well as all major commercial nations of the world, do not consider the most-favored-nation clause "as comprehending special arrangements in reciprocity between nations where on account of proximity or special circumstances reason exists for relations

which cannot be shared by the world at large."

Hornbeck, The Most-Favored-Nation Clause, 3 A.J.I.L. 395, 403 (1909).

The proximity of Canada and the United States need not now be pointed out. That they have common economic, political and sovereign interests, peculiar to Great Lakes commerce, is abundantly clear from that which has already been presented in this memorandum. It would seem that national defense alone is a good and sufficient cause, for "Political relations between two states may be of a kind to afford in themselves a fair basis for commercial concessions which other states cannot justly claim the right to enjoy by reason of the most-favored-nation clause." Hyde, Concerning the Interpretation of Treaties, Supra. 58.

It remains but to point out that the government of the United States has recently pursued a policy of spelling out some of the restrictions customarily imposed upon a most-favored-nation clause. Thus, the Treaty of Friendship, Commerce and Navigation between the United States and Ireland of January 21, 1950, provides, in substance, that each party may reserve exclusive rights and privileges with respect to the coasting trade, inland navigation, and national fisheries. Yet, as previously noted, the coasting trade was preserved by statute to domestic built and documented vessels long before 1950. Act. Feb. 18, 1793. Moreover, during and since World War II when this requirement was waived as to the Great

Lakes so that Canadian vessels could transport iron ore between United States ports, no nation advanced the claim that this privilege should be extended to vessels of its registry by virtue of a most-favored-nation clause.

Great Lakes navigation has always been distinguished from that upon the high seas and accordingly, it has been controlled by mutual agreement between the United States and Canada. As a result, the presence of specific exemption in treaties of recent origin should not be deemed to constitute either an exclusive enumeration of existing limitations nor as creating new ones which did not heretofore exist. Rather, they should be viewed as merely expressing some of the traditionally accepted and acknowledged limitations upon treaty obligations. Obligations which should be construed in the light of the purpose they are to serve, namely, to secure the competitive position of American trade in world markets.

Securing a nation's competitive position does not indicate that this, nor any other nation must, thereby, sacrifice economic and political interests in an area such as the Great Lakes where traditionally they have deserved and received special attention. Consequently, by international law, it would appear that those vessels of foreign nations currently engaging in trade between the United States and Canada upon the Great Lakes do so, not by right, but by sufferance of the government of the United States and, with qualifications, that of Canada.

As to Canada, there may be special agreements with other nations of the British Commonwealth to which the foregoing discussion would not be applicable. To the extent, however, that Canadian treaties of friendship, commerce and navigation with nations outside the Commonwealth paralleled those of the United States, it is reasonable to expect that the same limitations based upon international law are applicable.

14. Conclusion

The commerce of the Great Lakes between the United States and Canada, involving the transportation of iron ore, limestone, coal, grain and other essential commodities, is trade upon which the future security of the two countries indubitably depends. The existence of a Great Lakes fleet adequate to move these commodities is equally essential to the security of the two nations.

Under present law European vessels are permitted to engage in this international commerce. Because of low construction and operating costs, European vessels have a substantial advantage over United States and Canadian vessels in this international commerce. Should the improved St. Lawrence Waterway become a reality, large European vessels will surely enter the Great Lakes and replace United States and Canadian vessels in this trade. In time the Great Lakes fleet will be superseded by European vessels whose capacity would not be available to the two nations in time of war. The result to the two nations would be loss of a fleet adequate not only for their international commerce but the respective domestic commerce of the two countries.

In the interests of their joint security, the United States and Canada should promptly give

attention to measures designed to preserve and assure their own Great Lakes fleets adequate for the international and domestic commerce of the two countries. Clearly, solution lies through joint action under which the transportation of these essential commodities over the Great Lakes between the two countries is assured to vessels of the two countries.

III. OUTLINE OF PROPOSED TREATY

1. The purpose of the proposed Treaty would be the furtherance of the mutual defense of the United States and Canada through provision in common agreement for the transportation of essential raw materials moved between the two countries over the Great Lakes in vessels of the two countries.

2. By the terms of the proposed Treaty no vessel other than a vessel of the United States of America or a Canadian ship as defined below would be permitted to engage in the transportation of goods by water between a port or place in the United States of America and a port or place in Canada, within the Great Lakes, where the ports of loading and discharge are within the Great Lakes.

3. Suggested definitions for the proposed Treaty would be substantially as follows:

(a) "Great Lakes" would mean Lakes Ontario, Erie, Huron (including Georgian Bay), Michigan and Superior, their connecting and tributary waters, and the River St. Lawrence as far seaward as a straight

line drawn from Cap de Rosiers through West Point Anticosti Island extending to the north shore.

(b) "Vessel of the United States" would mean a vessel built in and documented under the laws of the United States, owned by a person or persons who are citizens of the United States and entitled by the laws of the United States to engage in coastwise trade of the United States between ports on the Great Lakes.

(c) "Canadian Ship" would mean a ship registered in Canada under the provisions of the Canada Shipping Act of 1934, as amended, (including vessels registered under earlier Merchant Shipping Acts of Canada); and, after a date to be proclaimed under the proposed treaty, would include only such vessels and vessels which are thereafter both built and registered in Canada.

4. The proposed treaty would not affect the laws of either country regarding navigation on the Great Lakes or regarding the prohibition against vessels of any other country engaging in domestic commerce of the United States and Canada.

--- EXHIBIT NO. 12: Agreed Statement of the Law

EXHIBIT 12

BRITISH COMMONWEALTH MERCHANT SHIPPING AGREEMENT

(Signed at London on 10th December, 1931)

PART IV

Equal Treatment

Article 10. - Each Part of the British Commonwealth agrees to grant access to its ports to all ships registered in the British Commonwealth on equal terms and undertakes that no laws or regulations relating to seagoing ships at any time in force in that Part shall apply more favourably to ships registered in that Part, or to the ships of any foreign country, than they apply to any ship registered in any other part of the Commonwealth.

Article 11. - While each Part of the British Commonwealth may regulate its own coasting trade, it is agreed that any laws or regulations from time to time in force for that purpose shall treat all ships registered in the British Commonwealth in exactly the same manner as ships registered in that Part, and not less favourably in any respect than ships of any foreign country.

Article 12. - Nothing in the present Agreement shall be deemed --

- (i) to derogate from the right of every Part of the Commonwealth to impose customs tariff duties on ships built outside that Part; or
- (ii) to restrict the right of the Government

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of each Part of the Commonwealth to give financial assistance to ships registered in that Part or its right to regulate the sea fisheries of that Part.

INTERNATIONAL LAW

1. The United States grants only most-favoured-nation concessions upon condition that the United States receive similar concessions to those already granted - in opposition to the Great Britain and German view.

Whitney v. Robertson, 124 U.S.190;

Bartram v. Robertson, 122 U.S. 116

Hyde, Concerning the Interpretation of Treaties, 3 A.J.I.L. 46,58 (1909).

2. Treaties of friendship, trade and commerce are bilateral in nature and indicate that the immediate purpose of the clause, though unconditional, is to free the commerce of each nation from discrimination by the other.

5 Hackworth, International Law, 273.

(Hackworth, before the American Bar Association meeting in Los Angeles, California, July 16, 1945.)

3. Air Navigation privileges under special agreements will not be extended to other nations by virtue of a most-favoured-nation clause in a commercial treaty.

5 Hackworth, International Law, 291.

It is accepted and acknowledged by the major commercial nations of the world that territorial

propinquity may give rise to particular legal privileges. Since geographical relationships frequently result in commercial characteristics not applicable to foreign trade generally, economic and political considerations necessitate that they be given special attention.

Illustrated by 1875 concessions of Hawaii to the United States, though protested by Great Britain as a variation of the most-favoured-nation clause of her treaty with Hawaii of 1851.

This point conceded by Great Britain (Lord Derby to the British Representative at Honolulu January 25, 1878)

5 Moore, Digest of International Law, 264.

Further reference: Opinion of J. B. Moore on the question of a Special Tariff for Cuba, January 14, 1902, 3 A.J.I.L. 58, Note 21.

See also Hornbeck, The Most-Favored-Nation Clause, 3 A.J.I.L. 395, 403 (1909).

Consideration of national defence alone is a good and sufficient cause for Canada and the United States to afford each other, on a fair basis, commercial concessions which other States cannot justly claim the right to enjoy by reason of a most-favoured-nation clause.

TERRITORIAL WATERS - See generally G. Schwarzenberger, International Law, Vol.1, as applied by international courts and tribunals, Part IV, commencing at page 150, secs. 2, 3, 4 and 5.

AN ACT RELATING TO THE ESTABLISHMENT AND EXPENSES.....
 UNDER THE WATERWAYS TREATY OF JANUARY THE ELEVENTH,
 NINETEEN HUNDRED AND NINE.

1-2 George V., c. 28.

SCHEDULE

"Treaty with the United States relating to Boundary Waters and Questions arising along the Boundary between Canada and the United States, signed at Washington, January 11, 1909.

Treaty relating to Boundary Waters and Questions arising along the Boundary between Canada and the United States, signed at Washington, January 11, 1909.

HIS Majesty the King of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas, Emperor of India, and the United States of America, being equally desirous to prevent disputes regarding the use of boundary waters and to settle all questions which are now pending between the United States and the Dominion of Canada involving the rights, obligations, or interests of either in relation to the other or to the inhabitants of the other, along their common frontier, and to make provision for the adjustment and settlement of all such questions as may hereafter arise, have resolved to conclude a Treaty in furtherance of these ends, and for that purpose have appointed as their respective Plenipotentiaries:"

.....

ARTICLE 1:

"The High Contracting Parties agree that the navigation of all navigable boundary waters shall for ever continue free and open for the purposes of commerce to the inhabitants and to the ships, vessels,

and boats of both countries equally, subject, however, to any laws and regulations of either country, within its own territory, not inconsistent with such privilege of free navigation, and applying equally and without discrimination to the inhabitants, ships, vessels, and boats of both countries.

It is further agreed that so long as this Treaty shall remain in force this same right of navigation shall extend to the waters of Lake Michigan, and to all canals connecting boundary waters and now existing or which may hereafter be constructed on either side of the line. Either of the High Contracting Parties may adopt rules and regulations governing the use of such canals within its own territory, and may charge tolls for the use thereof; but all such rules and regulations and all tolls charged shall apply alike to the subjects or citizens of the High Contracting Parties and the ships, vessels, and boats of both of the High Contracting Parties, and they shall be placed on terms of equality in the use thereof."

ST. LAWRENCE DEEP WATERWAY TREATY

(Signed at Washington July 18th, 1932)

(PREAMBLE)

".....
Have decided to conclude a Treaty for the purpose of ensuring the completion of the St. Lawrence Waterway project, and for the other purposes aforesaid, and to that end have named as their respective plenipotentiaries:

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His Majesty the King of Great Britain, Ireland
and the British dominions beyond the Seas, Emperor of
India, for the Dominion of Canada:

The Honourable William Duncan Herridge, P.C.,
D.S.O., M.C., His Envoy Extraordinary and
Minister Plenipotentiary for Canada in the
United States of America;

The President of the United States of America:

Henry L. Stimson, Secretary of State of the
United States of America;

Who, after having communicated to each other their
full powers, found in good and due form, have agreed
upon the following articles:

....."

"

ARTICLE VII

The High Contracting Parties agree that the
rights of navigation accorded under the provisions of
existing treaties between His Majesty and the United
States of America shall be maintained notwithstanding
the provisions for termination contained in any of
such treaties, and declare that these treaties confer
upon the subjects or citizens and upon the ships,
vessels and boats of each High Contracting Party,
rights of navigation in the St. Lawrence River, and
the Great Lakes System, including the canals now
existing or which may hereafter be constructed."

AGREEMENT BETWEEN CANADA AND THE UNITED STATES OF
AMERICA FOR THE PROMOTION OF SAFETY ON THE GREAT
LAKES BY MEANS OF RADIO

(Signed Ottawa February 21, 1952)

In force November 13, 1954 --- one year delay ---

Treaty Series 1952, No. 25.

Exemption of certain vessels from the provisions of THE CANADA SHIPPING ACT, R.S.C. 1952, c. 29, sections 411 (6) (7) - P.C. 1954-1681.

GAZETTE, PART II, p. 1549.

See also 1-2 Elizabeth II, c.20, STATUTES 1952-53 -- An Act to amend the Canada Shipping Act.

CONTROL OF GRAIN-CARRYING SHIPS

INLAND WATER FREIGHT RATES ACT, R.S.C. 1952, c.208, s.5.
REGULATIONS - Order No. 19 - SOR/54-468

CANADA GAZETTE, Part II, page 1407, dated at Winnipeg 28th September, 1954.

Note: Most recent Order as to maximum rates per bushel for carrying grain by lake and river navigation.

EMERGENCY POWERS ACT, TRANSPORT CONTROLLER - SOR/51-515
Canada Gazette, PART II, p. 1139.

Made pursuant to P.C. 4535 the 29th day of August 1951.

This Act no longer in force.

TRANSPORT ACT, R.S.C. 1952, c. 271, s. 2(d) (e);
Part II, s. 12 (5)

DEPARTMENT OF TRANSPORT ACT, R. S. C. 1952, c. 171,
s. 6A. (1953-54 c. 30, s. 1)

Power of the Governor General in Council
to make regulations for the purpose of
ensuring prompt, efficient and orderly
procedure, by means of ships
of goods in bulk.

Regulations thereunder: SOR/54-213, P.C.1954-807
Canada Gazette, Part II, p. 499.

EXCERPT FROM P.C. 1955-308

"as Commissioners to inquire into and report upon all questions within the jurisdiction of Parliament, including questions with respect to part XIII of the Canada Shipping Act, Coasting Trade of Canada, arising out of the transportation by water, or by land and water, of goods and passengers from one place in Canada to another place in Canada, including the Great Lakes, and upon relevant matters which may in the course of the Inquiry arise or develop and which, in the opinion of the Commissioners, should be included within the scope of the Inquiry and Report and, without restricting the generality of the foregoing, the Commissioners shall inquire into and report upon the following matters:

- (a) the relationship of the coasting trade of Canada, including the Great Lakes, to Canadian shipping and ship building, and the effect on such shipping and ship building of the participation in the coasting trade of Canada, including the Great Lakes, of ships or other marine craft registered or built outside of Canada;
- (b) the probable effects of the development of the St. Lawrence Seaway upon the coasting trade of Canada, including the Great Lakes;
- (c) the relationship of the coasting trade of Canada, including the Great Lakes, to the domestic and international trade of Canada and to Canada's external relations; and the

effect of the participation in the coasting trade of Canada, including the Great Lakes, by ships or other marine craft registered or built outside of Canada upon the domestic and international trade of Canada, and Canada's external relations; and

- (d) the necessity, if any, of establishing different policies and prescribing special conditions with respect to the coasting trade of Canada, including the Great Lakes, applicable to particular parts of Canada;"

Copy

Malleson Stewart & Co.

Air Mail

46 Queen Street
Melbourne, C. 1
Victoria.

27th June 1955

When replying

Please quote

HFV/GB

Messrs. McMillan, Binch, Stuart, Berry, Dunn, Corrigan
& Howland,
Barristers and Solicitors,
50 King Street West,
TORONTO 1.

Dear Sirs,

re Royal Commission on the Coasting Trade of
Canada

1. We thank you for your letter of the 15th June.
2. Participation in the coasting trade in Australia is governed by the provisions of Part VI of Navigation Act 1912-53 a copy of which we enclose herewith for your general information and because the provisions may provide

useful material for consideration in any drafting of comparable proposals.

3. The enactment of restrictive legislation in respect of the coasting trade in Australia is hampered by reason of the particular provisions of our Constitution in relation to interstate trade.

4. Section 92 of Commonwealth of Australia Constitution Act provides that :-

"On the imposition of uniform duties of customs, trade, commerce and intercourse among the States, whether by means of internal carriage or ocean navigation, shall be absolutely free."

Both the High Court and Privy Council have long held that this provision does not merely relate to freedom from customs duties but means freedom from any restriction or interference.

As a literal application of such a doctrine is impractical the construction has rather become that the Legislature may provide for the orderly and proper conduct of interstate trade, may attach conditions which though restrictive in form may nevertheless be conducive to the better conduct of the trade but may not prohibit or restrict per se.

In *Gratwick v. Johnson*, 70 C.L.R. 1, it was held by the High Court that railway travel interstate could not be made the subject of a licence in the absolute discretion of the Minister and in Australian National Airways Pty. Ltd. v. Commonwealth, 71 C.L.R.

it was held that interestate air transport could not be made the subject of a licence in the absolute discretion of the Commonwealth.

5. In this background, the provisions in relation to the coasting trade are as follows:-

(a) A ship shall not engage in the coasting trade unless licensed so to do. (Section 288(i)).

No class of ship may be absolutely prohibited and therefore foreign ships are eligible equally with British or Australian ships.

(b) Conditions of licence are:

(i) That the seamen shall be paid wages at the current rates ruling in Australia for seamen employed in that part of the coasting trade. (Section 288(3)(a) and Section 289(1)).

(ii) That in the case of a foreign ship she shall be provided with the same number of officers and seamen as would be required if she were a British ship registered in Australia or engaged in the coasting trade. (Section 288(3) (b)).

(iii) Provision regarding access of seamen and apprentices to a ship's library.
Section 288 (3) (c).

(c) Furthermore, engagement in the coasting trade is subject to Section 14 of the Act under which the ship is required to carry the Australian prescribed complement of officers.

- (d) It is subject also to the requirement of Section 43 that the ship shall carry the Australian prescribed complement of crew.
- (e) Under Section 117 provisions are to be furnished in accordance with the Australian scale.
- (f) Under Section 121 a certificated cook must be carried.
- (g) Under Section 138A accommodation must be provided as prescribed by the Act.
- (h) Under Section 270 very comprehensive requirements may be and are prescribed.
- (i) Under Section 421 aggregate gross earnings from the coasting trade must be returned annually.

See also Sections 235 and 410A and Sections 288, 289, 290, 291, 292 and 293 which contain provisions for enforcing compliance with the conditions.

- (j) Under Section 287 a ship may not engage in the coasting trade if in the receipt of a subsidy or bonus from any Government other than that of a part of the British Dominions.

6. To enable further shipping facilities to be provided at peak or special periods when the ships engaged in the coasting trade cannot cope with the traffic provision is made for the granting of temporary permits.

Section 286 authorises the issue of such permits which are restricted to British ships.

These permits are in practice very rigidly restricted. If a permit is sought the Departmental officer makes enquiry from the coastal operators and will not grant a permit unless he is satisfied that there will be undue delay in the carriage if the permit is not granted.

7. We might add that as a matter of practical operation the above provisions have always proved 100% effective to avoid participation by overseas vessels in the coasting trade except under short temporary permits pursuant to Section 286. And then in general participation is limited to passenger traffic. Problems of stowage more often than not make participation in cargo traffic costly and unattractive.

8. We are much inclined to the view that the Canadian position under Commonwealth Merchant Shipping Agreement Act 1931 is highly comparable with the Australian position under Section 92 of Commonwealth of Australia Constitution Act and would rather opine that your Act would no more be infringed than is our Constitution by the enactment of such sort of regulatory enactment.

9. Finally on this point we would comment that in the main the coasting trade is in fact carried on by Australian companies. Nevertheless we do have a New Zealand Company and a United Kingdom Company which engage in the trade with ships registered in Australia.

10. There is no restriction as to place of build of a ship. The majority of ships, including those owned by Australian companies, are built in the United Kingdom.

11. Taxation -

(a) Section 129 of Income Tax Assessment Act provides that -

"Where a ship belonging to or chartered by a
"person whose principal place of business is
"out of Australia carries passengers livestock
"mail or goods shipped in Australia, five per
"centum of the amount paid or payable to him
"in respect of such carriage whether that
"amount is payable in or out of Australia shall
"be deemed to be income derived by him in
"Australia."

This Section applies to ships engaging in the coasting trade under temporary permit and would apply if any such ship did obtain a licence to engage permanently in the coasting trade.

(b) Where the port of registry of the vessel is in Australia a return of income is required in the normal manner and profits taxed. Under Article V of the Double Taxation Agreement between Australia and United Kingdom the profits are not taxable in the United Kingdom.

The New Zealand Company and the United Kingdom Company referred to above are taxable under this Section.

12. We regret that we could not usefully advise you in relation to the New Zealand position but trust the above will be of assistance to you.

Yours faithfully,

Encl.

"Malleon Stewart & Co."

COMMONWEALTH OF AUSTRALIA NAVIGATION ACT, 1912-1953

An Act relating to navigation and shipping.

Sections 14, 43, 117, 121, 138A, 235, 270, 286,
288, 289, 290, 291, 292, 293, 410A, 421.

INCOME TAX ASSESSMENT ACT, AUSTRALIA, Section 129.

COMMONWEALTH OF AUSTRALIA CONSTITUTION ACT, 1900,

63-64 Vict., c. 12.

See reference - The British Commonwealth, Vol. 2

Australia, G. W. Paton, (1952),
p. 70 et sequitur.

Commonwealth of Australia v.

Bank of New South Wales, (1950)

A.C., p. 235 et sequitur.

THE NAVIGATION ACTS - 1651-1849

Encyclopaedia Britannica, 14th Edition 1929, Vol. 16
at p. 174 & 175:

RESTRICTION OF NAVIGATION - In England the first Navigation Act was passed in 1381, during the reign of Richard II. Policy varied from time to time until the 17th Century. Then, in 1651, during the period while Oliver Cromwell was in power, the Navigation Act was passed in order to strike a blow at the maritime supremacy of the Netherlands. The system set up of requiring the national trade by sea to be carried in ships under the national flag was maintained in force (as varied and amended by a number of further statutes) for a period of two centuries. By the Navigation Acts ships under the national flag were required to be owned by British subjects, and shipmasters, and a proportion of the seamen were also required to be British.

"Under the form the navigation acts had assumed in 1847 no produce of Asia, Africa or America could be imported for consumption into the United Kingdom from Europe in any ships, the object being that the trade should be direct and in British bottoms. The whole of the coasting trade of the United Kingdom was restricted to British ships, and the colonial trade was prohibited to all foreign ships unless under the sanction of a special Order in Council. Various restrictions were imposed on imports except in British ships. Differential dues and restrictions on importations could be imposed by

Order in Council on the ships of any foreign country which imposed similar restrictions on British trade. It is to be observed that, with the exception of restrictions on exportation from this country to certain British possessions, the prohibitions of the Navigation acts were entirely restricted to imports. This necessarily followed from certain important trading powers having anticipated Great Britain in the enactment of navigation laws, their refusal to receive our goods except in their own ships preventing the possibility of the British parliament effectually restricting exportation in this direction."

(Alexander Pulling, The Shipping Code (1894))

By an act passed in 1849 (12 & 13 Vict.C.29) the Navigation laws were repealed, subject to a reservation of the coasting trade, and to a provision, intended to secure reciprocity, whereby, if British ships were subjected in other countries to prohibitions or restrictions, the privilege of the ships of those countries in British ports might be restricted.

Foreign ships were admitted to the coasting trade of United Kingdom by an act passed in 1854 (17 & 18 Vict. C. 5) the provisions of which have been re-enacted in the Customs Consolidation Act 1876 Section 141.

12 Car. 2, c. 18 (1661)

7-8 Wm 3, c. 22 (1695)

26 Geo. III, c. 60 (1786)

12 & 13 Vict., c. 29 (1849)

UNITED STATES LAWS

General Reference:

MARINE LAWS, NAVIGATION AND SAFETY, ARZT, 1953.

Sections 272, 273 and 278.

Enrolled and licensed vessels employed
in coasting trade or fisheries.

46 U.S.C. 221; 29 Stat. 188

46 U.S.C. 13; 41 Stat. 997

46 U.S.C. 251; 64 Stat. 577.

Lists of vessels entitled to receive documents
under existing laws.

19 C.F.R., 3.2

APPLICABLE LAW OF THE UNITED STATES46 U.S.C. Section 13

All foreign built vessels admitted to American register, owned on February 1, 1920, by persons citizens of the U.S. and all foreign built vessels owned by the U.S. on June 5, 1920, when sold and owned by persons citizens of the U.S., may engage in the coastwise trade so long as they continue in such ownership, subject to the rules and regulations of such trade.

(June 5, 1920, Chapter 250, Section 22, 41 Stat. 997)

46 U.S.C. Section 221

Vessels registered pursuant to law, and no others except such as shall be duly qualified according to law for carrying on the coasting or fishing trade, shall be deemed vessels of the U.S. and entitled to the benefits and privileges pertaining to such vessels but no such vessel shall enjoy such benefits and privileges longer than it shall continue to be

wholly owned by a citizen or citizens of the U.S., or a corporation created under the laws of any of the states thereof and be commanded by a citizen of the U.S. And all the officers of vessels of the U.S. who shall have charge of a watch, including pilots, shall in all cases be citizens of the U.S. The word "officers" shall include the chief engineer and each assistant engineer in charge of a watch on vessels propelled wholly or in part by steam; and no person shall be qualified to hold a licence as a commander or a watch officer of a merchant vessel of the U.S. who is not a native born citizen, or whose naturalization as a citizen shall not have been fully completed

(R.S. Section 4131; June 26, 1884, Chapter 121, Section 1, 23 Stat. 53; May 28, 1896, Chapter 255 Sections 13, 29 Stat. 188, 189).

46 U.S.C. 251

Vessels of twenty tons and upward enrolled in pursuance of (various) sections, and having a licence in force, or vessels of less than twenty tons which, although not enrolled, have a licence in force, as required by such sections, and no others, shall be deemed vessels of the U.S. entitled to the privilege of vessels employed in the coasting trade or fisheries. Except as otherwise provided by treaty or convention to which the U.S. is a party, no foreign-flag vessel shall, whether documented as a cargo vessel or otherwise, land in a part of the U.S. its catch of fish taken on board

such vessels on the high seas, or fish products processed therefrom, or any fish or fish products taken on board such vessel on the high seas from a vessel engaged in fishing operations, or in the processing of fish or fish products. (R.S. Section 4311; September 2, 1950, Chapter 842, 64 Stat. 577).

See also 46 U.S.C. 883

19 U.S.C. 81 (e)

19 U.S.C. 1588

46 U.S.C. 289 (a)

and Central Vermont Transportation Corp.

v. Durning, 71 F. (2d) 273

affirmed 294 U.S. 33.

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ESTIMATED COMPARISON OF CREW AND CREWS BASIS MONTHLY
WAGE RATE FOR 10,000 TON BULK CARRIER

UNITED KINGDOM (OCEAN GOING)

CANADIAN

Actual Rates Paid in 1955 Ocean Going - Rates Paid 1955

<u>Rank or Rating</u>	<u>No. of Men</u>	<u>Basic</u>	<u>No. of Men</u>	<u>Basic</u>
Captain	1	189	1	560
1st Mate	1	153	1	425
2nd Mate	1	120	1	372
3rd Mate	1	96	1	325
Chief Engineer	1	209	1	500
2nd Engineer	1	141	1	425
3rd Engineer	1	111	1	372
4th Engineer	1	95	1	325
5th Engineer	1	80	1	302
Stewards - Cook 1st	1	106	1	300
" 2nd	2	66 & 98	1	204
Cooks Orderly	2	78	2	204
Mess Men - Cabin Boys	2	34	3 & 1	161 & 187
Electrician				
Able Seamen - Wheel	3	72	3	204
" " Deck	5	69	3	178
Boy (Watch)	2	52		
Firemen - Trimmers	3	81	3 & 3	194 & 204
Donkey Men - Oiler	3	86	1 & 3	221 & 209
Bosun	1	89	1	221
Carpenter	1	95	1	226
Storekeeper	1	86	-	-
Radio Officer	1	22	1	302
TOTAL	36	\$3146	36	\$9125

(Exhibit No. 8 C.S.L.)

DOMINION MARINE ASSOCIATIONTABULATION OF STATISTICAL DATA REVESSELS TRADING ON THE GREAT LAKES OF NORTH AMERICAOF CANADIAN REGISTRY

	Proportion of Fleet based on Gross <u>Tonnage</u>	Navigation Years	
		<u>1953</u>	<u>1954</u>
Vessel wages	82%	12,966,990	13,034,676
Wages and salaries for store services, office employees and executives	82%	2,707,443	2,716,547
Aggregate amounts of income tax withheld from such wages and salaries	82%	1,861,277	1,821,038
Maximum number of em- ployees in 1954 season	81%		7,168
Fuel	82%	7,614,654	6,337,339
Engine room expenses, (oil, grease and supplies)	82%	643,276	570,289
Repairs and paint	82%	6,069,787	4,479,857
Insurance premiums	82%	3,802,461	3,406,263
Provisions		2,157,247	1,876,501
Expenses, stewards' department	82%	447,170	409,501
Expenses, mates' department	82%	792,119	664,412
Tugs, pilots and canal dues	82%	884,071	779,981
Port and dock charges (including loading and unloading)	82%	8,467,504	7,400,447
Payments on insured losses	64%		1,131,968
Total insured value of fleet (total hull coverage including excess)	<u>82%</u>		<u>174,926,000</u>
Steamships, motorships and barges, book value	63%		96,012,961
Other fixed assets, book value	63%		18,871,852
Accumulated depreciation	63%		<u>63,747,428</u>
			<u>\$51,137,385</u>
Long-term liabilities	63%		19,891,183
Capital invested and accumulated earnings	63%		<u>31,246,202</u>
			<u>\$51,137,385</u>

Table I.—DISTANCES BETWEEN POINTS ON GREAT LAKES

	36	35	34		Toronto	Oswego	Rochester	Port Colborne	Buffalo	Erie	Conneaut	Ashtabula	Fairport	Cleveland	Lorain	Toledo	Detroit	Port Huron	Midland	Collingwood	Goderich	Bay City	Alpena	Ludington	Muskegon	Gary	Chicago	Millwaukee	Green Bay	Escanaba	Sault Ste. Marie	Duluth	Two Harbors			
1				Port Arthur.....	903	1016	965	848	864	795	768	754	729	711	694	658	604	542	539	531	506	505	410	536	587	699	696	621	560	492	273	171	116	164	196	172
2				Two Harbors.....	1001	1114	1063	946	963	893	866	852	828	809	792	756	702	640	638	630	604	603	508	634	685	797	785	720	659	590	371	239	157	71	26	
3				Duluth.....	1025	1138	1087	970	986	917	890	876	851	833	816	781	726	664	661	653	628	627	532	657	709	820	808	743	682	614	394	261	179	83		
4				Ashtabula.....	979	1092	1041	924	941	871	844	830	806	788	771	734	680	618	616	608	583	581	486	612	663	775	763	698	637	568	349	213	131			
5				Houghton.....	851	964	913	796	813	743	716	702	678	659	643	606	552	490	488	480	455	453	358	484	535	647	635	570	509	440	221	84				
6				Marquette.....	790	903	852	735	751	682	655	641	616	598	581	545	491	429	428	418	393	391	297	422	474	585	573	508	447	378	169					
7				Sault Ste. Marie.....	630	743	692	575	592	522	495	481	457	438	422	385	331	269	267	259	234	232	137	263	314	426	414	349	288	219						
8				Escanaba.....	737	850	799	682	699	629	602	588	564	545	528	492	438	375	384	376	340	339	244	130	181	288	274	201	101							
9				Green Bay.....	806	919	868	751	767	698	671	657	632	614	597	561	507	445	452	444	409	407	313	123	171	272	255	180								
10				Chicago.....	867	980	929	812	828	759	732	718	693	675	658	622	568	506	513	505	470	468	374	97	80	103	85									
11				Millwaukee.....	1241	1123	1063	932	1045	994	877	893	824	797	783	758	740	723	688	633	571	578	459	156	114	25										
12				Gary.....	1263	1135	1075	944	1057	1006	889	905	836	809	795	770	752	735	699	645	583	590	582	547	546	451	167	121								
13				Muskegon.....	1141	1023	963	832	945	894	777	794	724	697	683	659	640	623	587	533	471	479	471	435	434	339	56									
14				Ludington.....	1090	972	912	781	894	843	726	742	673	646	632	607	589	572	536	489	420	427	419	384	383	288										
15				Alpena.....	827	709	649	518	631	580	463	479	410	388	374	349	331	314	278	224	162	265	257	137												
16				Bay City.....	832	714	654	523	636	585	468	484	415	398	374	349	331	314	278	224	162	265	257	137												
17				Goderich.....	735	617	557	426	539	488	371	387	318	291	277	252	234	217	181	127	65	211	207													
18				Collingwood.....	928	810	750	619	732	681	564	580	511	484	470	446	427	410	374	320	258	55														
19				Midland.....	936	818	758	627	740	689	572	588	519	492	478	453	435	418	382	328	266															
20				Port Huron.....	670	552	492	361	474	423	306	322	253	226	213	188	170	152	116	62																
21				Detroit (Woodward Ave.).....	608	490	430	299	412	361	244	251	191	164	150	126	108	91	54																	
22				Toledo (river mouth).....	601	483	423	292	405	354	237	254	185	157	144	119	96	72																		
23				Lorain.....	544	426	366	235	348	297	180	197	124	95	80	53	28																			
24				Cleveland (main entrance).....	524	406	346	215	328	277	160	176	102	73	59	33																				
25				Ashtabula.....	494	376	316	185	298	247	130	146	73	44	30																					
26				Conneaut.....	468	350	290	159	272	221	104	119	45	15																						
27				Erie.....	456	338	278	147	260	209	92	107	33																							
28				Buffalo (north entrance).....	429	311	251	120	233	182	65	78																								
29				Port Colborne.....	396	288	228	77	190	139	22																									
30				Rochester.....	364	246	186	55	168	117																										
31				Oswego.....	266	147	89	95	59																											
32				Toronto.....	227	108	55	145																												
33				Kingsburg.....	338	219	161																													
34				Ogdensburg.....	182																															
35				Montreal.....	120																															

mile; if the respective distances to the two points from a certain port measure 116.0 and 115.2, they appear in the table as 116 and 115, a difference of 1 mile; whereas from the next port listed, the distances to the same two points may measure 105.4 and 104.6, and both will appear in the table as 105.

Measurements are by the shortest marked or safe direct courses, starting (unless otherwise noted) from the main entrances between pierheads of breakwaters or piers, or from the principal landings of open roadsteads. Where landings are appreciably remote from protected anchorages, the appropriate further distances, if deduced, may be ascertained from the harbor descriptions or from charts.

Points in this table are arranged in the order of their location on the several lakes in the following sequence: Lake Superior, Lake Michigan, Lake Huron, Lake Erie, and Lake Ontario.

The distance between any two points appears in the line extending horizontally from the point first in order

Distances in these tables are expressed to the nearest even statute mile; fractions of $\frac{1}{2}$ mile or more being taken as a full mile and those under the half dropped. The results are, therefore, at times inconsistent by 1 mile in their comparative differences. Thus, measured dis-

EXPLANATION

mile; if the respective distances to the two points from a certain port measure 116.0 and 115.2, they appear in the table as 116 and 115, a difference of 1 mile; whereas from the next port listed, the distances to the same two points may measure 106.4 and 104.6, and both will appear in the table as 106.

Measurements are by the shortest marked or safe direct courses, starting (unless otherwise noted) from the main entrances between pierheads of breakwaters or piers, or from the principal landings of open roadsteads. Where landings are appreciably remote from protected entrances, the appropriate further distances, if desired, may be ascertained from the harbor descriptions or from charts.

Points in this table are arranged in the order of their location on the several lakes in the following sequence: Lake Superior, Lake Michigan, Lake Huron, Lake Erie, and Lake Ontario.

The distance between any two points appears in the line extending horizontally from the point first in order in the list and in the column headed by the other point.

EXPLANATION

Distances in these tables are expressed to the nearest even statute mile; fractions of $\frac{1}{2}$ mile or more being taken as a full mile and those under the half dropped. The results are, therefore, at times inconsistent by 1 mile in their comparative differences. Thus, measured distances to two given points may differ uniformly by 0.8

* From abreast east end of U. S. center pier.
* From foot of Grand River Ave.

6

EXPLANATION

Explanation generally applicable to all tables is published in Table I.

Points in this table are arranged in geographical sequence proceeding westward along the south shore and turning eastward around the north shore.

For determining distances to points located in other lakes, distances from all places listed in this table are given to the initial points Nos. 1 to 4, which also appear in the other tables respectively indicated by numeral designation. The through distances from a given point in this table to a given point in any other table is the sum of the respective distances to each given point from the initial point which is common to the two tables. Thus, Port Huron being the common point for determining distances from Lake Superior points to points in Lake Erie (Table V), a through distance would be as follows:

• From foot of Grand River Ave.

¹ From sailing course point north of light.

From abreast east end of United States center pier.

• **Via Keweenaw Waterway.**

Port Huron to Ontonagon--

Port Huron to Dunkirk...

Ontosagon to Dunkirk

Table III.—DISTANCES BETWEEN POINTS ON LAKE MICHIGAN

Other tables to which Initial point No. 1 is common:		37	36	35	34	33	32	31	30	29	28	27	26	25	24	23	22	21	20	19	18	17	16	15	14	13	12	11	10	9	8	7	6	5	4	3	2					
II—Lake Huron and St. Marys River, V—Lake Erie, St. Clair, Detroit, and Niagara Rivers, VI—Lake Ontario and St. Lawrence River.		Beaver Island Harbor		Petokey	Charlevoix	Traverse City	Frankfort	Portage Lake	Manistee	Ludington	Pontwater	White Lake	Muskegon	Grand Haven	Holland	Saugatuck	South Haven	St. Joseph	Michigan City	Gary	Indiana Harbor	South Chicago	Chicago	Waukegan	Kenosha	Racine	Milwaukee	Port Washington	Sheboygan	Manitowoc	Two Rivers	Kewaunee	Algoma	Sturgeon Bay	Green Bay	Menominee	Keshnab	Manistique				
1	Old Mackinac Point (II-IV-V-VI) °	41	55	56	97	122	142	150	173	184	213	224	238	257	263	281	300	325	336	334	333	324	296	282	272	259	237	212	191	187	170	161	155	198	155	129	75					
2	Manistique	43	76	64	94	91	110	118	141	152	182	193	207	225	232	250	268	294	303	298	294	303	301	298	290	260	244	235	220	195	168	146	142	120	111	103	135	92	66			
3	Escanaba	99	113	99	120	91	106	112	130	141	170	181	195	213	220	238	255	280	288	285	280	288	286	283	274	242	226	217	201	176	149	127	122	100	90	69	101	55				
4	Menominee °	*122	*134	*119	*138	80	86	87	98	108	135	146	159	177	183	200	216	239	246	242	264	272	268	265	255	223	209	197	180	155	128	106	101	78	63	42	22	49				
5	Green Bay (city) °	*165	176	160	178	105	111	112	123	134	159	171	184	202	209	225	242	264	272	268	265	255	222	218	208	176	162	150	133	108	81	58	54	30	21							
6	Sturgeon Bay (town)	123	129	113	131	58	64	65	76	87	113	124	137	155	162	178	195	217	225	242	264	272	268	265	255	223	209	197	180	155	128	106	101	78	63	42	22	49				
7	Algoma	131	135	119	136	59	60	59	66	75	100	111	123	142	148	163	179	200	206	203	200	190	169	166	156	123	107	97	79	53	26	123	107	97	79	53	26					
8	Kewaunee	138	143	125	143	62	60	58	61	70	93	104	116	135	141	156	171	192	197	194	191	181	149	133	123	105	79	53	26	123	107	97	79	53	26	123	107	97	79	53	26	
9	Two Rivers	156	159	142	160	75	67	62	67	61	78	89	101	118	123	137	151	170	174	171	168	158	146	134	122	99	83	74	55	29	123	107	97	79	53	26	123	107	97	79	53	26
10	Manitowoc	161	163	147	164	79	71	66	60	64	79	90	102	118	123	137	150	169	173	169	166	156	146	134	122	99	83	74	55	29	123	107	97	79	53	26	123	107	97	79	53	26
11	Sheboygan	180	181	165	182	95	83	76	60	63	78	87	97	102	106	118	130	146	149	146	143	132	121	118	107	74	58	48	29	123	107	97	79	53	26	123	107	97	79	53	26	
12	Port Washington	206	205	189	206	119	104	98	80	76	72	77	84	94	97	105	112	124	125	112	124	125	121	118	107	74	58	48	29	123	107	97	79	53	26	123	107	97	79	53	26	
13	Milwaukee	228	227	211	228	140	125	117	97	91	78	80	83	88	89	93	96	104	103	96	104	103	99	95	85	51	35	26	123	107	97	79	53	26	123	107	97	79	53	26		
14	Racine	242	241	225	242	153	137	129	108	100	81	80	80	86	87	86	86	84	83	78	84	83	78	75	64	54	18	123	107	97	79	53	26	123	107	97	79	53	26			
15	Kenosha	252	251	234	252	163	147	138	117	108	86	87	86	86	87	86	86	84	83	78	84	83	78	75	64	54	18	123	107	97	79	53	26	123	107	97	79	53	26			
16	Waukegan	266	265	249	266	177	160	152	130	122	100	96	93	86	84	78	70	64	58	52	49	38	7																			
17	Chicago	294	293	276	293	204	186	179	156	146	120	114	108	100	95	90	77	60	38	25	19	15																				
18	South Chicago	302	301	285	302	213	196	188	165	154	127	120	114	100	95	79	60	33	14																							
19	Indiana Harbor	304	303	287	304	215	198	189	167	156	129	122	115	99	95	79	59	31	13																							
20	Gary	309	308	292	309	216	199	191	167	157	129	121	114	99	93	77	55	22																								
21	Michigan City	295	294	278	295	206	189	181	167	146	117	108	99	82	75	57	36																									
22	St. Joseph	260	268	251	268	179	162	154	130	119	88	78	69	50	44	24																										
23	South Haven	251	240	233	250	161	144	136	111	101	69	58	49	28	22																											
24	Saugatuck	232	231	215	232	143	126	118	93	83	51	40	29	8																												
25	Holland	227	226	210	227	137	120	112	88	77	45	34	23																													
26	Grand Haven	206	205	189	206	117	100	92	67	57	25	13																														
27	Muskegon	196	194	178	196	106	88	80	56	46																																
28	White Lake	184	183	167	184	95	78	69	45	35																																
29	Pontwater	154	153	137	154	65	48	39	14																																	
30	Ludington	143	142	126	143	54	37																																			
31	Manistee	118	117	100	118	28	10																																			
32	Portage Lake	110	109	93	110	20																																				
33	Frankfort	93	92	75	92																																					
34	Traverse City	69	68	46																																						
35	Charlevoix	33	18																																							
36	Petokey	37																																								
37	Beaver Island Harbor	0																																								

Other tables to which Initial point No. 1 is common:

II—Lake Huron and St. Marys River, V—Lake Erie, St. Clair, Detroit, and Niagara Rivers, VI—Lake Ontario and St. Lawrence River.

Explanation generally applicable to all tables is published in Table I.

Points in this table are arranged in geographical sequence proceeding southward along the west shore and returning northward along the east shore.

For determining distances to points in other lakes, distances from all places listed in this table are given to Old Mackinac Point, and this initial point also appears in each of the other tables respectively indicated by numeral designation. The through distance from a given point in this table to a given point in any other table is the sum of the respective distances to each given point from Old Mackinac Point, common to the two tables. Thus, a through distance from a Lake Michigan point to a point in Lake Superior (Table II) would be derived as follows:

Old Mackinac Point to Racine..... 272

Old Mackinac Point to Ashland..... 459

Racine to Ashland..... 71

EXPLANATION

Explanation generally applicable to all tables is published in Table I.
Points in this table are arranged in geographical sequence proceeding southward along the west shore and returning northward along the east shore.
For determining distances to points in other lakes, distances from all places listed in this table are given to Old Mackinac Point, and this initial point also appears in each of the other tables respectively indicated by numeral designation. The through distance from a given point in this table to a given point in any other table is the sum of the respective distances to each given point from Old Mackinac Point, common to the two tables. Thus, a through distance from a Lake Michigan point to a point in Lake Superior (Table II) would be derived as follows:

° From sailing course point north of light.
° Distances from Menominee and Green Bay to Lake Michigan points (except those marked °) are via Sturgeon Bay Canal.
° Via Rock Island Passage.

8

[illegible]

* Via False Detour and North Channels.

† Via Mississagi Strait and North Channel.

† Via Hay Lake, St. Joseph, and North Channels.

6 Via Potagannissing Bay and North Channel.

EXPLANATION

Explanation generally applicable to all tables is published in Table I.

Points in this table are arranged in geographical sequence proceeding from St. Marys River southward along the west shore, and returning northward up the east shore, around Georgian Bay, and westward through North Channel.

For determining distances to points located in other lakes, distances from all places listed in this table are given to the initial points Nos. 1 to 3, which also appear in the other tables respectively indicated by numeral designation. The through distance from a given point in this table to a given point in any other table is the sum of the respective distances to each given point from the initial point which is common to the two tables.

From foot of Grand River Ave.

^b From sailing course point north of light.

From abreast east end of U. S. center pier, and

(Except those marked †) via Middle Neebish and Detour;

distances downbound through West Neebish are 1 mile

2.

Distances to Georgian Bay ports (except those

marked *, †, ‡, §) are via the bay entrance from Lake

uron and St. Marys River points and via Little Cur-

at from North Channel points.

Table V.—DISTANCES BETWEEN POINTS ON LAKE ERIE AND ST. CLAIR, DETROIT, AND NIAGARA RIVERS

Other tables to which initial points Nos. 1-3 are common: II—Lake Superior. III—Lake Michigan. IV—Lake Huron and St. Marys River. VI—Lake Ontario and St. Lawrence River.										37	36	35	34	33	32	31	30	29	28	27	26	25	24	23	22	21	20	19	18	17	16	15	14	13	12	11	10	9	8	7	6	5	4	3	2																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
										Kingsville	Rondeau	Port Stanley	Port Burwell	Port Dover	Port Maitland	Niagara Falls	Tonawanda	Buffalo	Dunkirk	Erie	Conneaut	Ashtabula	Fairport	Cleveland	Lorain	Vermilion	Huron	Sandusky	Put-In-Bay	Port Clinton	Toledo	Monroe	Detroit River Light	Amherstburg	Trenton	Wyandotte	Detroit	Chatham	Mt. Clemens	St. Clair Flats	Algona	Marine City	St. Clair	Port Huron	Port Colborne																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000

EXPLANATION

Explanation generally applicable to all tables is published in Table I.

Points in this table are arranged in geographical sequence proceeding southward in St. Clair River and Lake and Detroit River, eastward along the south shore of Lake Erie to Niagara River, and returning westward along the north lake shore.

For determining distances to points located in other lakes, distances from all places listed in this table are given to the initial points Nos. 1 to 3, which also appear in the other tables respectively indicated by numeral designation. The through distance from a given point in this table to a given point in any other table is the sum of the respective distances to each given point from the initial point which is common to the two tables. Thus, Old Mackinac Point being the common point for determining distances from Lake Erie to points in Lake Michigan (Table III), a through distance would be derived as follows:

Old Mackinac Point to Tonawanda.....	580
Old Mackinac Point to Sheboygan.....	212
Tonawanda to Sheboygan.....	792

- From sailing course point north of light.
- From foot of Grand River Ave.
- From south end of canal dike.

Table VI.—DISTANCES BETWEEN POINTS ON LAKE ONTARIO AND ST. LAWRENCE RIVER

Other tables to which initial points Nos. 1-3 are common:														
II—Lake Superior. III—Lake Michigan. IV—Lake Huron and St. Marys River. V—Lake Erie, St. Clair, Detroit, and Niagara Rivers.														
1	Old Mackinac Point (III) *.													
2	Port Huron (IV) *.													
3	Port Colborne (II-V).....													
4	Cape Vincent.....													
5	Sacketts Harbor.....													
6	Oswego.....													
7	Littleodus Bay.....													
8	Sodus Bay.....													
9	Rochester (Charlotte)													
10	Olcott.....													
11	Niagara-on-the-Lake.....													
12	Lawiston.....													
13	Port Waller.....													
14	Hamilton.....													
15	Port Hope.....													
16	Toronto.....													
17	Cobourg.....													
18	Trenton.....													
19	Belleville.....													
20	Deseronto.....													
21	Pictou.....													
22	Kingston.....													
23	Gananoque.....													
24	Clayton.....													
25	Thousand Island Park.....													
26	Alexandria Bay.....													
27	Brookville.....													
28	Ogdensburg.....													
29	Galop Canal.....													
30	Rapide Plat Canal.....													
31	Farran Point Canal.....													
32	Cornwall Canal.....													
33	Cornwall.....													
34	St. Regis.....													
35	Boulanges Canal.....													
36	Lachine Canal.....													
37	Montreal.....													

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37

Cape Vincent
 Sacketts Harbor
 Littleodus Bay
 Sodus Bay
 Rochester
 Olcott
 Niagara-on-the-Lake
 Port Waller
 Hamilton
 Toronto
 Port Hope
 Cobourg
 Trenton
 Belleville
 Deseronto
 Pictou
 Kingston
 Gananoque
 Clayton
 Thousand Island Park
 Alexandria Bay
 Brookville
 Ogdensburg
 Galop Canal
 Rapide Plat Canal
 Farran Point Canal
 Cornwall Canal
 Cornwall
 St. Regis
 Boulanges Canal
 Lachine Canal
 Montreal

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37

Cape Vincent
 Sacketts Harbor
 Littleodus Bay
 Sodus Bay
 Rochester
 Olcott
 Niagara-on-the-Lake
 Port Waller
 Hamilton
 Toronto
 Port Hope
 Cobourg
 Trenton
 Belleville
 Deseronto
 Pictou
 Kingston
 Gananoque
 Clayton
 Thousand Island Park
 Alexandria Bay
 Brookville
 Ogdensburg
 Galop Canal
 Rapide Plat Canal
 Farran Point Canal
 Cornwall Canal
 Cornwall
 St. Regis
 Boulanges Canal
 Lachine Canal
 Montreal

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37

Cape Vincent
 Sacketts Harbor
 Littleodus Bay
 Sodus Bay
 Rochester
 Olcott
 Niagara-on-the-Lake
 Port Waller
 Hamilton
 Toronto
 Port Hope
 Cobourg
 Trenton
 Belleville
 Deseronto
 Pictou
 Kingston
 Gananoque
 Clayton
 Thousand Island Park
 Alexandria Bay
 Brookville
 Ogdensburg
 Galop Canal
 Rapide Plat Canal
 Farran Point Canal
 Cornwall Canal
 Cornwall
 St. Regis
 Boulanges Canal
 Lachine Canal
 Montreal

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26

Points in this table are arranged in geographical sequence proceeding westward along the south shore and returning eastward along the north shore of the lake and down St. Lawrence River.

For determining distances to points located in other lakes, distances from all places listed in this table are given to the initial points Nos. 1 to 3, which also appear in the other tables respectively indicated by numeral designation. The through distance from a given point in this table to a given point in any other table is the sum of the respective distances to each given point from the initial point which is common to the two tables. Thus, Port Colborne being the common point for determining distances from Lake Ontario and St. Lawrence River to points in Lake Superior (Table II), a through distance would be derived as follows:

Port Colborne to Cornwall	294
Port Colborne to Fort William	847
<hr/>	
Cornwall to Fort William	1,141

EXPLANATION

Explanation generally applicable to all tables is published in Table I.

From sailing course point north of light.

From foot of Grand River Ave.

From upper end of canal

• To Toronto west entrance.

* To Toronto West entrance.

EXPLANATION

Explanation generally applicable

ished in Table I.

---EXHIBIT NO. 15: Letter of June 20, 1955, from Thorne, Mulholland, Howson & McPherson, Chartered Accountants, Toronto (per H.E. Crate) to George B. Donovan, Sec. Dom Marine Assoc.

EXHIBIT NO. 15

THORNE, MULHOLLAND, HOWSON & MCPHERSON

Chartered Accountants

111 Richmond Street West

Toronto, Canada

June 20, 1955.

Geo. B. Donovan, Esq., Secretary,
Dominion Marine Association,
159 Bay Street,
Toronto.

Dear Sir:

As instructed, we have circulated a questionnaire to the companies comprising the association membership requesting certain information with respect to their steamship operations for use before the Royal Commission on the Coasting Trade of Canada.

While some of the companies limited the information given to a portion only of what was requested, we have received a substantial response and are submitting herewith a tabulation of the results.

It is to be noted that member companies operate approximately 86% of the Canadian lake shipping, in terms of gross tons, and the attached information indicates in each case what percentage

of the total Canadian tonnage is covered.

An additional schedule is attached which indicates the growth of the fleet over the last ten years. This schedule is expressed in long tons and covers owners of approximately 82% of the present Canadian fleet.

Yours very truly,

THORNE, MULHOLLAND, HOWSON & McPHERSON

Per H.E. Crate

DOMINION MARINE ASSOCIATIONTABULATION OF STATISTICAL DATA REVESSELS TRADING ON THE GREAT LAKES OF NORTH AMERICAOF CANADIAN REGISTRY

	Proportion of Fleet based on Gross Tonnage	Navigation years	
		<u>1953</u>	<u>1954</u>
Vessel wages . .	82%	12,966,990	13,034,676
Wages and salaries for store services, office employees and executives .	82%	2,707,443	2,716,547
Aggregate amounts of income tax with- held from such wages and salaries . .	82%	1,861,277	1,821,038
Maximum number of employees in 1954 season	81%		7,168
Fuel	82%	7,614,654	6,337,339
Engine room expenses, (oil, grease and supplies). . . .	82%	643,276	570,289
Repairs and paint .	82%	6,069,787	4,479,857
Insurance Premiums	82%	3,802,461	3,406,263
Provisions	82%	2,157,247	1,876,501
Expenses, stewards' department	82%	447,170	409,501
Expenses, mates' department	82%	792,119	664,412
Tugs, pilots and canal dues	82%	884,071	779,981
Port and dock charges (including loading and unloading) . .	82%	8,467,504	7,400,447
Payments on insured losses	64%		1,131,968
Total insured value of fleet (total hull cover- age including excess).	82%		174,926,000

	Proportion of Fleet based on <u>Gross Tonnage</u>	<u>Navigation years</u>	
		<u>1953</u>	<u>1954</u>
Steamships, motor- ships and barges, book value	63%		96,012,961
Other fixed assets, book value	63%		18,871,852
Accumulated depreciation	63%	(red)	<u>63,747,428</u>
			<u>\$51,137,385</u>
Long-term liabilities	63%		19,891,183
Capital invested and accumulated earnings	63%		<u>31,246,202</u>
			<u>\$51,137,385</u>

DOMINION MARINE ASSOCIATION

CARRYING CAPACITY OF FLEETS OF MEMBER COMPANIES

YEARS 1945 TO 1954 INCLUSIVE

	<u>Long Tons</u>
1945	597,028
1946	615,527
1947	673,004
1948	660,670
1949	734,316
1950	735,683
1951	790,912
1952	855,791
1953	890,506
1954	1,011,740

Based on replies from companies
operating approximately 82% of
Canadian fleet in terms of gross
tonnage.

--- EXHIBIT NO. 16 | Rate Comparisons

STATEMENT SHOWING CLASS RATES FROM HALIFAX, N.S. AND SAINT JOHN, N.B. TO CORNER BROOK, NFID. AND TO ST. JOHN'S, NFID.
INTO EFFECT IN 1954 & 1955

		<u>CLASSES</u>									
		1	2	3	4	5	6	7	8	10	
		100	85	70	55	45	40	33	30	27	
FROM HALIFAX, N.S.											
To											
St. John's Newfoundland	Rail	228	200	170	143	114	109	81	79	79	
	Water	239	207	179	153	119	112	95	102	80	
Corner Brook, Nfld.	Rail	173	153	131	109	88	82	65	65	63	
	Water	198	170	150	127	98	90	82	86	65	
FROM SAINT JOHN, N.B.											
To											
St. John's, Newfoundland	Rail	247	217	185	155	124	119	89	87	86	
	Water	239	207	179	153	119	112	95	102	80	
Corner Brook, Nfld.	Rail	190	167	142	120	95	91	68	66	65	
	Water	198	170	150	127	98	90	82	86	65	

NOTE | Water rates as quoted to the Maritime Transportation Commission -- Newfoundland-Canada Steamships
June 22, 1955

STATEMENT SHOWING CLASS RATES FROM ILLUSTRATIVE CENTRAL CANADIAN ORIGINS TO SPECIFIED NEWFOUNDLAND DESTINATIONS ALSO
PERCENTAGE INCREASES RESULTING FROM APPLICATION OF RATE INCREASES TO A BASE YEAR COMPARED WITH LEVELS OF RATES
PRESENTLY OBTAINING

		(Rates in cents per 100 lbs.)									
Can. (Old) Classification	Can. (New) Classification	1	2	3	4	5	6	7	8	10	
From WINDSOR, ONT.											
To											
St. John's Nfld.											
(a) April 15, 1955 Competitive		413	351	289	227	186	165	136	124	112	
(b) March 1, 1955 All rail and Rail Water		501	426	351	276	225	200	165	150	135	
(c) February 28, 1955 (April 1, 1949 as increased)		491	435	375	319	255	244	190	194	179	
(d) April 1, 1949 (Confederation)		300	266	228	194	155	149	116	118	109	
Percent Increases											
(Since Confederation)											
(a) to (d)		37.7	32.0	26.8	17.0	20.0	10.7	17.2	5.1	2.8	
(b) to (d)		67.0	60.2	53.9	42.3	45.2	34.2	42.2	27.1	23.9	
(c) to (d)		63.7	63.5	64.5	64.4	64.5	63.8	63.8	64.4	64.2	

Can. (Old) Classification		1	2	3	4	5	6	7	8	10
Can. (New) Classification		100	85	70	55	45	40	33	30	27
From WINDSOR, ONT.										
To										
St. John's Nfld.										
(a)	April 15, 1955, Competitive	413	351	289	227	186	165	136	124	112
(b)	March 1, 1955 Eq. All R. & R/W	501	426	351	276	225	200	165	150	135
(e)	February 28, 1955 (April 1, 1948 Basic as increased)	491	435	371	319	255	244	190	192	179
(f)	April 1, 1948 (Basic)	248	220	188	160	128	123	96	97	90
Percent Increases										
(Since Basic Level of Rates)										
(a)	to (f)	66.5	59.5	53.7	41.9	45.3	34.1	41.7	27.8	24.4
(b)	to (f)	102.0	93.6	86.7	72.5	75.8	62.6	71.9	54.6	50.0
(e)	to (f)	98.0	97.7	97.3	99.4	99.2	98.4	97.9	97.9	98.9
From TORONTO, ONT.										
To										
St. John's, Nfld.										
(a)	April 15, 1955 Competitive	333	283	233	183	150	133	110	100	90
(b)	March 1, 1955 Eq. All R. & R/W	420	357	294	231	189	168	139	126	113
(c)	Feb. 28, 1955 (Apr. 1/49 as increased)	442	387	338	286	230	219	169	173	153
(d)	April 1, 1949 (Confederation)	270	237	207	174	140	134	103	106	95

Can.(Old) Classification	1	2	3	4	5	6	7	8	10
Can.(New) Classification	100	85	70	55	45	40	33	30	27
From TORONTO, ONT. (Cont'd)									
Percent Increases or Decreases [(Since Confederation)									
(a) to (d)	23.3	19.4	12.6	5.2	7.1	10.8	6.8	-5.7	-5.3
(b) to (d)	55.6	50.6	42.0	32.8	35.0	25.4	35.0	18.9	18.9
(c) to (d)	63.7	63.3	63.3	64.4	64.3	63.4	64.1	63.2	63.2

(e) February 28, 1955									
(April 1, 1948 Basic as Increased)	442	387	338	286	230	219	169	173	154
(f) April 1, 1948 (Basic)	223	196	171	144	116	111	85	88	78
Percent Increases [(Since Basic Level of Rates)									
(a) to (f)	49.3	44.4	36.3	27.1	29.3	19.8	29.4	13.6	15.4
(b) to (f)	88.3	82.1	71.9	60.4	62.9	51.4	63.5	43.2	44.9
(e) to (f)	98.2	97.4	97.7	98.6	98.3	97.3	98.8	96.6	97.4

Can. (Old) Classification Can. (New) Classification	1	2	3	4	5	6	7	8	10
	100	85	70	55	45	40	33	30	27
From MONTREAL, P.Q.									
To									
St. John's, Nfld.									
(a) March 1, 1955	352	299	246	194	158	141	116	106	95
Eq. All Rail and Rail-Water									
(b) February 28, 1955	416	363	316	268	215	207	163	166	147
(April 1, 1949 as Increased)									
(c) April 1, 1949	254	222	193	163	131	126	99	101	90
(Confederation)									
Percent Increases 1									
(Since Confederation)									
(a) to (c)	38.6	34.7	27.5	19.0	20.6	11.9	17.2	5.0	5.6
(b) to (c)	63.8	63.5	63.7	64.4	64.1	64.3	64.7	64.4	63.3

(d) February 28, 1955									
(April 1, 1948 Basic as Increased)	416	362	314	268	215	207	163	164	147
(e) April 1, 1948 (Basic)	210	183	159	135	108	104	82	83	74
Percent Increases									
(Since Basic Level of Rates)									
(a) to (e)	67.7	63.4	54.7	43.7	46.3	35.6	41.5	27.7	28.4
(d) to (e)	98.1	97.8	97.5	98.5	99.1	99.0	98.8	97.6	98.6

Can. (Old) Classification Can. (New) Classification	1	2	3	4	5	6	7	8	10
	100	85	70	55	45	40	33	30	27
To	From WINDSOR, ONT.								
Grand Falls, Nfld.									
(a) March 1, 1955									
Eq. All Rail and Rail-Water	455	387	319	250	205	182	150	137	123
(b) February 28, 1955									
(April 1, 1949 as Increased)	491	435	375	319	255	244	190	194	179
(c) April 1, 1949 (Confederation)	300	266	228	194	155	149	116	118	109
Percent Increases (Since Confederation)									
(a) to (c)	51.7	45.5	39.9	28.9	32.3	22.1	29.3	16.1	12.8
(b) to (c)	63.7	63.5	64.5	64.4	64.5	63.8	63.8	64.4	64.2

(d) February 28, 1955									
(April 1, 1948 Basic as Increased)	491	435	371	319	255	244	190	192	179
(e) April 1, 1948 (Basic)	248	220	188	160	128	123	96	97	90
Percent Increases (Since Basic Level of Rates)									
(a) to (e)	83.5	75.9	69.7	56.3	60.2	48.0	56.3	41.2	36.7
(d) to (e)	98.0	97.7	97.3	99.4	99.2	98.4	97.9	97.9	98.9

Can. (Old) Classification Can. (New) Classification	1	2	3	4	5	6	7	8	10
	100	85	70	55	45	40	33	30	27
From TORONTO, ONT.									
To									
Grand Falls, Nfld.									
(a) March 1, 1955	374	318	262	206	168	150	123	112	101
Eq. All Rail and Rail-Water									
(b) February 28, 1955	442	387	338	286	230	219	169	173	155
(April 1, 1949 as Increased)									
(c) April 1, 1949	270	237	207	174	140	134	103	106	95
(Confederation)									
Percent Increases									
(Since Confederation)									
(a) to (c)	38.5	34.2	26.6	18.4	20.0	11.9	19.4	5.7	6.3
(b) to (c)	63.7	63.3	63.3	64.4	64.3	63.4	64.1	63.2	63.2

(d) February 28, 1955									
(April 1, 1948 Basic as Increased)	412	387	338	286	230	219	169	173	154
(e) April 1, 1948 (Basic)	223	196	171	141	116	111	85	88	78
Percent Increases									
(Since Basic Level of Rates)									
(a) to (e)	67.7	62.2	53.2	43.1	44.8	35.1	44.7	27.3	29.5
(d) to (e)	98.2	97.4	97.7	98.6	98.3	97.3	98.8	96.6	97.4

Can. (Old) Classification Can. (New) Classification	1	2	3	4	5	6	7	8	10
	100	85	70	55	45	40	33	30	27
From MONTREAL, P.Q.									
To Grand Falls, Wfld.									
(A) March 1, 1955	306	260	214	168	138	122	101	92	83
Eq. All Rail and Rail-Water									
(b) February 28, 1955	416	363	316	268	215	207	163	166	147
(April 1, 1949 as Increased)									
(c) April 1, 1949 (Confederation)	254	222	193	163	131	126	99	101	90
Percent Increases or Decreases [
(Since Confederation)									
(a) to (c)	20.5	17.1	10.9	3.1	5.3	-3.2	2.0	-8.9	-7.8
(b) to (c)	63.8	63.5	63.7	64.4	64.1	64.3	64.7	64.4	63.3

(d) February 28, 1955									
(April 1, 1948 Basic as Increased)	416	362	314	268	215	207	163	164	147
(e) April 1, 1948 (Basic)	210	183	159	135	108	104	82	83	74
Percent Increases [
(Since Basic Level of Rates)									
(a) to (e)	45.7	42.1	34.6	24.4	27.8	17.3	23.2	10.8	12.2
(d) to (e)	98.1	97.8	97.5	98.5	99.1	99.0	98.8	97.6	98.6

Can. (Old) Classification
Can. (New) Classification

1 2 3 4 5 6 7 8 10
100 85 70 55 45 40 33 30 27

To

From WINDSOR, ONT.

Cornet Brook, Nfld.

(A) April 15, 1955

(Competitive)

(b) March 1, 1955

Eq. All Rail and Rail-Water

(c) February 28, 1955

(April 1, 1949 as Increased)

(d) April 1, 1949

(Confederation)

326 277 228 179 147 130 108 98 88
426 362 298 234 192 170 141 128 115
452 401 345 294 234 224 179 179 166
276 245 210 179 143 137 109 109 101

Percent Increases or Decreases |

(Since Confederation)

(a) to (d)

(b) to (d)

(c) to (d)

18.1 13.1 8.6 Nil 2.8 -5.1 -0.9 -10.1 -13.0
54.3 47.8 41.9 30.7 34.3 24.1 29.4 17.4 13.9
63.8 63.7 64.3 64.2 63.6 63.5 64.2 64.2 64.3

(e) February 28, 1955

(April 1, 1948 Basic as Increased)

(f) April 1, 1948 (Basic)

452 400 342 294 234 224 179 179 164
228 202 173 148 118 113 90 90 83

Percent Increases |

(Since Basic Level of Rates)

(a) to (f)

(b) to (f)

(e) to (f)

43.0 37.1 31.8 20.9 24.6 15.0 20.0 8.9 6.0
86.8 79.2 72.3 58.1 62.7 50.4 56.7 42.2 38.6
98.2 98.0 97.7 98.6 98.3 98.2 98.9 98.9 97.6

Can. (Old) Classification Can. (New) Classification	1	2	3	4	5	6	7	8	10
	100	85	70	55	45	40	33	30	27
From TORONTO, ONT.									
To Corner Brook, Nfld.									
(A) April 15, 1955 Competitive)	267	227	187	147	120	107	88	80	72
(b) March 1, 1955	345	293	242	190	155	138	114	104	93
Eq. All Rail and Rail-Water									
(c) February 28, 1955	402	353	310	260	210	199	157	158	142
(April 1, 1949 as Increased)									
(d) April 1, 1949	246	216	189	159	128	122	96	97	87
(Confederation)									
Percent Increases or Decreases [(since Confederation)									
(a) to (d)	8.5	5.0	-1.1	-7.6	-6.3	-12.3	-8.3	-17.5	-17.3
(b) to (d)	40.2	35.6	28.0	19.5	21.1	13.1	18.8	7.2	6.9
(c) to (d)	63.4	63.4	64.0	63.5	64.0	63.1	63.5	62.9	63.2

(e) February 28, 1955									
(April 1, 1948 Basic as Increased)	402	352	310	260	210	199	157	158	142
(f) April 1, 1948 (Basic)	203	178	156	131	106	101	79	80	72
Percent Increases (Since Basic Level of Rates)									
(a) to (f)	31.5	27.5	19.9	12.2	13.2	5.9	11.4	Nil	Nil
(b) to (f)	70.0	64.6	55.1	45.0	46.2	36.6	44.3	30.0	29.2
(e) to (f)	98.0	97.8	98.7	98.5	98.1	97.0	98.7	97.5	97.2

Can. (Old) Classification Can. (New) Classification	1	2	3	4	5	6	7	8	10
From MONTREAL, P.Q.									
To Corner Brook, Nfld.									
(a) March 1, 1955	277	235	194	152	125	111	91	83	75
Eq. All Rail and Rail-Water									
(b) February 28, 1955	377	328	287	243	195	186	151	151	134
(April 1, 1949 as Increased)									
(c) April 1, 1949 (Confederation)	230	201	175	148	119	114	92	92	82
Percent Increases or Decreases (Since Confederation)									
(a) to (c)	20.4	16.9	10.9	2.7	5.0	-2.6	-1.1	-9.8	-8.5
(b) to (c)	63.9	63.2	64.0	64.2	63.9	63.2	64.1	64.1	63.4

(d) February 28, 1955									
(April 1, 1948 Basic as Increased)	377	328	287	243	195	186	151	151	134
(e) April 1, 1948 (Basic)	190	166	145	122	98	94	76	76	68
Percent Increases (Since Basic Level of Rates)									
(a) to (e)	45.8	41.6	33.8	24.6	27.6	18.0	19.7	9.2	10.3
(d) to (e)	98.4	97.6	97.9	99.2	99.0	97.9	98.7	98.7	97.1

--- EXHIBIT NO.17 - Class Rates Comparison. (Complete and Incomplete)

STATEMENT SHOWING MARCH 1, 1951 CLASS RATES REDUCED TO APRIL 1, 1949 LEVEL COMPARED WITH NORMAL OR COMPETITIVE CLASS RATES AND PERCENTAGE INCREASES FROM ILLUSTRATIVE CENTRAL CANADIAN ORIGINS TO SPECIFIED NEWFOUNDLAND DESTINATIONS - ALL RAIL AND RAIL/WATER CLASS RATES -

	From Windsor, Ontario									
	(Rates per 100 lbs.)	1	2	3	4	5	6	7	8	10
	Canada (old) Class	100	85	70	55	45	40	33	30	27
	Canada (new) class									
<hr/>										
To										
St. John's, Newfoundland	March 1, 1951 Reduced to April 1, 1949	262	232	198	167	132	125	93	97	92
	March 1, 1955 Equalized	501	426	351	276	225	200	165	150	135
	April 15, 1955, Comp.	413	351	289	227	186	165	136	124	112
	% Increase (Equal)	91.22	83.62	77.27	65.26	70.45	60.0	77.41	54.63	46.73
	% Increase (Comp.)	57.6	51.3	45.9	35.9	40.9	32.0	46.2	27.8	21.7
<hr/>										
Grand Falls, Newfoundland	March 1, 1951 Reduced to April 1, 1949	235	207	177	149	117	112	83	87	82
	March 1, 1955 Equalized	455	387	319	250	205	182	150	137	123
	% Increase	93.6	87.0	80.2	67.8	75.2	62.5	80.7	57.5	50.0
<hr/>										
Corner Brook, Newfoundland	March 1, 1951 Reduced to April 1, 1949	217	192	163	137	108	103	77	80	76
	March 1, 1955, Equalized	426	362	298	234	192	170	141	128	115
	Apr. 15, 1955 Comp.	326	277	228	179	147	130	108	98	88
	% Increase (Equal)	96.31	88.54	82.82	70.80	77.77	65.04	83.11	60.00	51.31
	% Increase (Comp.)	50.2	44.3	39.7	30.7	36.1	26.2	40.3	22.5	15.8

To St. John's, Newfoundland	From Toronto, Ontario										
	Canada (old) Canada (new)	Class (new)	1	2	3	4	5	6	7	8	10
March 1, 1951 Reduced to April 1, 1949			100	85	70	55	45	40	33	30	27
	March 1, 1955 Equalized		232	204	177	147	117	110	80	85	77
	April 15, 1955 (Comp)		420	357	294	231	189	168	139	126	113
	% Increase (Equal)		333	283	233	183	150	133	110	100	90
	% Increase (Comp)		81.03	75.00	66.10	57.14	61.53	52.72	73.75	48.23	46.75
Grand Falls, Newfoundland			43.5	38.7	31.6	24.5	28.2	20.9	37.5	17.6	16.9
	March 1, 1951 Reduced to April 1, 1949		205	178	157	129	102	97	70	75	68
	March 1, 1955 Equalized		374	318	262	206	168	150	123	112	101
	% Increase		82.43	78.65	66.87	59.68	64.70	54.63	75.71	49.33	48.52
	Corner Brook, Newfoundland										
March 1, 1951 Reduced to April 1, 1949			187	162	142	117	93	88	64	68	62
	March 1, 1955 Equalized		345	293	242	190	155	138	114	104	93
	April 15, 1955 Comp		267	227	187	147	120	107	88	80	72
	% Increase (Equal)		84.49	80.86	70.42	62.39	66.66	56.81	78.12	52.94	50.00
	% Increase (Comp)		42.8	40.1	31.7	25.6	29.0	21.6	37.5	17.6	16.1

From Montreal, Quebec										
To	Canada (old) Class	1	2	3	4	5	6	7	8	10
St. John's Newfoundland	Canada (new) Class	100	85	70	55	45	40	33	30	27
	March 1, 1951 Reduced to April 1, 1949	217	187	163	136	107	102	77	80	72
	March 1, 1955 Equalized	352	299	246	194	158	141	116	106	95
	% Increase	62.2	59.9	50.9	42.6	47.7	38.2	50.6	32.5	31.9
Grand Falls, Newfoundland	March 1, 1951 Reduced to April 1, 1949	189	163	142	118	93	89	67	70	63
	March 1, 1955, Equalized	306	260	214	168	138	122	101	92	83
	% Increase	61.9	59.5	50.7	42.4	48.4	37.1	50.7	31.4	31.7
Corner Brook, Newfoundland	March 1, 1951 Reduced to April 1, 1949	171	147	128	107	84	81	61	63	57
	March 1, 1955 Equalized	277	235	194	152	125	111	91	83	75
	% Increase	62.0	59.9	51.6	42.1	48.8	37.0	49.2	31.7	31.6

History of Rates
---EXHIBIT NO. 18

STATEMENT SHOWING HISTORY OF NORMAL ALL RAIL, RAIL/WATER AND
ALL WATER CLASS RATES, ALSO RESULTING RATE DIFFERENTIALS FOR
SUMMER NAVIGATION PERIODS FROM MONTREAL, P.Q. TO ST. JOHN'S, NF.LD.

(Rates in cents per 100 lbs.)

		C	L	A	S	S	E	S		
Can. (Old) Classification		1	2	3	4	5	6	7	8	10
Can. (New) Classification		100	85	70	55	45	40	33	30	27
TO ST. JOHN'S, NEWFOUNDLAND										
FROM MONTREAL, P.Q.										
Normal All Rail Class Rates *										
Effective March 1, 1951		260	225	196	163	129	123	92	96	87
12% Increase effective July 26, 1951		291	252	220	183	144	138	103	108	97
17% Increase in lieu of 12% increase effective Feb. 11, 1952		304	263	229	191	151	144	108	112	102
9% Increase effective Jan. 1, 1953		331	287	250	208	165	157	118	122	111
7% Increase effective March 16, 1953		354	307	268	223	177	168	126	131	119
Effective March 1, 1955		379	299	246	194	158	141	116	106	95
Rail/Water Class Rates										
April 15, 1951 to July 25, 1951	260)	Rates same as Normal All Rail Class Rates for applicable periods shown herein.								
July 26, 1951 to Nov. 25, 1951	291)									
Apr. 15, 1952 to Nov. 25, 1952	304)									
Apr. 15, 1953 to Nov. 25, 1953)	354)									
Apr. 15, 1954 to Nov. 25, 1954)	354)	Traffic moving via Halifax, N.S. only.								
April 15, 1955	352)									

* For explanation of reference mark, see Page 2.

Can. (OLD) Classification
Can. (NEW) Classification

1 2 3 4 5 6 7 8 10
100 85 70 55 45 40 33 30 27

C L A S S I F I C A T I O N

TO ST. JOHN'S, NEWFOUNDLAND

FROM MONTREAL, P.Q.

All Water Class Rates

Effective March 15, 1951 (Applicable during open navigation season)

248 213 184 151 117 111 84 86 76

Effective July 31, 1951

278 239 206 169 131 124 94 96 85

Effective Feb. 15, 1952

290 249 215 177 137 130 98 101 .89

Effective Feb. 25, 1953

311 267 231 190 147 140 107 110 97

Effective May 15, 1953

334 287 249 205 159 151 114 118 104

Effective Apr. 20, 1954

326 280 243 200 155 151 114 118 104

Effective May 21, 1955

332 280 228 179 146 130 107 98 88

Differentials # (All Rail and Rail/Water V. Water Class Rates)

1951	At open of navigation season	12	12	12	12	12	12	12	8	10	11
1951	At close of navigation season	13	13	14	14	13	14	14	9	12	12
1952	During open navigation season	14	14	14	14	14	14	14	10	11	13
1953	At open of navigation season	20	20	19	18	18	17	17	11	12	14
1953	At close of navigation season	20	20	19	18	18	17	17	12	13	15
1954	During open navigation season	28	27	25	23	22	17	17	12	13	15
1955	At open of navigation season	20	19	18	15	12	11	11	9	8	7

NOTE: * Applicable at the close of navigation season.
No differential listed for interim periods prior to promulgation of adjusted rates.

The Maritimes Transportation Commission
June 20, 1955.

STATEMENT SHOWING NORMAL, COMPETITIVE ALL RAIL AND RAIL/WATER,
ALL WATER CLASS RATES, ALSO RESULTING RATE DIFFERENTIALS FOR
SUMMER NAVIGATION PERIODS FROM TORONTO, ONT, TO ST. JOHN'S, NFED.
(Rates in cents per 100 lbs.)

Can. (Old) Classification Can. (New) Classification	FROM TORONTO, ONTARIO									
	C	L	A	S	S	E	S			
1	2	3	4	5	6	7	8	10		
100	85	70	55	45	40	33	30	27		
TO ST. JOHN'S, NEWFOUNDLAND										
Normal All Rail Class Rates *										
Effective March 1, 1951	279	243	213	176	140	132	96	102	93	
12% Increase effective July 26, 1951	312	272	239	197	157	148	108	114	104	
17% Incr. in lieu of 12% Incr. effective Feb. 11, 1952	326	284	249	206	164	154	112	119	109	
9% Increase effective Jan. 1, 1953	355	310	271	225	179	168	122	130	119	
7% Increase effective Mar. 16, 1953	380	332	290	241	192	180	131	139	127	
Effective March 1, 1955	420	357	294	231	189	168	139	126	113	
Rail/Water Class Rates (Normal)										
April 15, 1951 to July 25, 1951	279	243	213	176	140	132	96	102	93	
July 26, 1951 to Nov. 25, 1951	312	272	239	197	157	148	108	114	104	
Apr. 15, 1952 to Nov. 25, 1952	326	284	249	206	164	154	112	119	109	
Apr. 15, 1953 to Nov. 25, 1953)	380	332	290	241	192	180	131	139	127	
Apr. 15, 1954 to Nov. 25, 1954)										
Apr. 15, 1955	420	357	294	231	189	168	139	126	113	

(Cont'd)

Competitive, All Rail and Rail/Water Class Rates												
												¢
April 12, 1954 to Nov. 30, 1954												272
May 16, 1955												333
												238
												283
												214
												233
												174
												139
												150
												129
												133
												102
												110
												109
												100
												98
												90
Water Class Rates (Via I.F.A. & Connections)												
April 9, 1951 to August 15, 1951												264
August 16, 1951 to Nov. 24, 1951												296
April 14, 1952 to Nov. 22, 1952)												309
April 1, 1953 to Nov. 21, 1953)												269
												236
												202
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Can. (Old) Classification	1	2	3	4	5	6		
Can. (New) Classification	100	85	70	55	45	40		

TO ST. JOHN'S, NEWFOUNDLAND

FROM TORONTO, ONTARIO

Class Rate Differentials Lowest of Normal All Rail, Rail/Water, Competitive All Rail
and Rail/Water on the one hand vs. lowest applicable All Water
Rates on the other during effective periods as stated.

<u>Differential #</u>										
April 9, 1951 to July 25, 1951	*15	13	11	8	6	5	R/W	IFA		
August 16, 1951 to Nov. 24, 1951	*16	14	13	9	7	6	R/W	IFA		
April 15, 1952 to May 31, 1952	*17	15	13	11	10	6	R/W	IFA		
June 1, 1952 to Nov. 1952	37	30	25	16	11	9	R/W	NGL		
April 1, 1953 to April 19, 1953	71	63	54	46	38	32	R/W	IFA		
April 20, 1953 to Nov. 1953	115	102	90	81	39	35	R/W	NGL		
April 15, 1954 to Nov. 1954	27	28	29	9	6	5	CR/W	NGL		
April 18, 1955	9	28	16	6	5	3	CR/W	IFA-NGL		

Differentials only shown for periods indicated.

* No quotations from Newfoundland-Great Lakes on file. L.T.A. Lake Freight Assn. trans-shipment via Montreal
The Maritimes Transportation Commission N.G.L. Newfoundland-Great Lakes direct
June 20, 1955

STATEMENT SHOWING COMMODITIES AND FREIGHT RATES FROM MONTREAL, P.Q.
TO ST. JOHN'S, NEWFOUNDLAND DURING PERIODS OF OPEN NAVIGATION

(Rates in cents per 100 lbs unless otherwise specified)

FROM MONTREAL, P.Q.
TO ST. JOHN'S, Nfld.

COMMODITY	A. Year 1951		
	NORMAL ALL RAIL #	RAIL & WATER ¢	ALL WATER *
1. <u>Commodities on which there were "Rail and Water" and "All Water" Rates (Associated Newfoundland Lines as per tariff - "All Water" commodity rates via other than A.N.L. not on M.T.C. file)</u>			
Grain, Grain Products, Corn Products	92 Comm	92 Comm	67 Comm
Bars, Iron or Steel	86 Comm	86 Comm	75 Comm
Beans, Peas, Rice and Rice Flour	129 5c1.	129 5c1.	96 Comm (Rice)
Board, Plaster or Gypsum	87 10 c1.	87 10c1.	75 Comm
Cement, Natural or Portland	87 Comm	87 Comm	64 Comm
Cereals, Flaked, etc.	96 8c1.	96 8c1.	86 Comm C.L.
Iron and Steel Articles	110 Comm	110 Comm	100 Comm

(Cont'd)

COMMODITY	NORMAL ALL RAIL #	RAIL & WATER #	ALL WATER *
1. (Cont'd)			
Wallboard, Roofings, Prepared, etc.	125 Comm	125 Comm	107 Comm
Plaster, Wall	71 Comm	71 Comm	57 Comm
Preparations, Baking, dry	96 8cl.	96 8cl.	86 Comm C.L.
2. Commodities listed in rail and rail/water tariffs on which specific "All Water" rates may have been quoted but are not on file M.T.C.			
Barley, Corn, Oats, Rye, Wheat, Ex L, Ex W for Milling in Transit	83 Comm	83 Comm	not on file
Barley, Oats, Rye, Wheat, Ex L, Ex W	84 1/2 Comm	84 1/2 Comm	not on file
Linseed Meal, Ex L, Ex W	86 1/2 Comm	86 1/2 Comm	not on file
Concentrates, Animal or Poultry feed etc.	96 8cl.	96 8cl.	not on file
Fertilizers	93 Comm	93 Comm	not on file
Paper Commodities, Group A	115 Comm	115 Comm) not on file
Group B	120 Comm	120 Comm	
Group C	125 Comm	125 Comm	
Soda, Silicate of	87 10cl.	87 10cl.	not on file
3. Commodities "All Water" (Associated Newfoundland Lines) on which there were no corresponding "Rail and Water" Commodity Rates			
Asphalt, Asphaltum, Tar and Tarvia			80 Comm

(Cont'd)

COMMODITY	NORMAL ALL RAIL #	RAIL & WATER ϕ	ALL WATER *
3. (Cont'd)			
Automobiles, Passenger Freight			390 Comm
Baking Powder/Soda			360 Comm
Beans, dried			117 Comm
Beer			84 Comm
Beverage Syrup, including Extract, NOIBN			117 Comm
Butter (ordinary Stowage)			195 Comm
Canned Goods			180 Comm
Caustic Soda			117 Comm C.I.
Cheese (ordinary stowage)			117 Comm
Cleansing Compound			151 Comm
Cocoa, in tins			151 Comm
Cocconut, Desicated			167 Comm
Coke, in bags			155 Comm
Confectionary			17.07 N. Ton Comm
Cream of Tartar			144 Comm
Coffee			117 Comm
Dessert Preparations			140 Comm
Drugs and Medicines			150 Comm
Fruits, Apples			165 Comm C.I.
Glass, Bottles and Jars, empty			113 Comm
Glucose			85 Comm
Hay, in bales			117 Comm
Javex Water and Javex			85 Comm
Lard			117 Comm
Lead, Pig			117 Comm
Lime and Whiting			75 Comm
Linoleum and Oilcloth			57 Comm
Liquors, Alcoholic			117 Comm C.I.
Lumber, Native			170 Comm C.I.
Plywood, Veneer			23.20/M Comm
Lye			111 Comm
			117 Comm

COMMODITY	NORMAL ALL RAIL #	RAIL & WATER ϕ	ALL WATER *
3. (Cont'd)			
Macaroni, Noodles, etc.			135 Comm
Meats, Cured or Smoked			117 Comm
Milk, Condensed or Evaporated			110 Comm C.L.
Molasses			117 Comm C.L.
Paint			117 Comm
Paint, Pigments			110 Comm
Petroleum Products - Oils and Greases		4.29 ea. Comm (per 42-45 Gal. Drum)	
Pipe, Concrete up to 60 in. in Diameter		1.02 Comm	
Powder, Scouring, Etc.		1.17 Comm	
Sawdust		1.18 Comm	
Straw		85 Comm	
Sugar		55 Comm	
Tea		1.75 Comm	
Vegetables		1.07 Comm C.L.	
Vinegar		1.17 Comm	
Yeast, Dry		1.17 Comm	
Zinc, Slabs		75	

NOTE # Carload Rates applicable on close of navigation season.
 ϕ Carload Rates effective from April 15, 1951 to November 25, 1951 unless sooner cancelled,

changed or extended.
 IMPORTANT NOTE - * L.C.I., and Any Quantity Rates, except where carload rates are noted, applicable during period of open navigation, 1951, unless cancelled, changed or extended.

Maritime Transportation Commission
 June 22, 1955

COMMODITY	NORMAL, ALL RAIL, #	RAIL & WATER ϕ	COMPETITIVE RAIL/WATER+	ALL WATER *
<u>B. Year 1955</u>				
1. <u>Commodities on which there are Competitive "Rail/Water" rates also "All Water" Commodity rates -</u> <u>Clarke Steamships Ltd. tariff</u>				
Beer, Ale, Porter, Stout	158 c1 45	158 c1 45	150 Comp	140 Comm (a)
2. <u>Commodities on which there are "Rail and Water" rates and "All Water" rates - Newfoundland Canada Steamships Ltd.,</u> <u>or Clarke Steamships Ltd, whichever is lower. Other lines' tariffs not on M.T.C. files</u>				
Grain, Grain Products, Corn Products	126 Comm	126 Comm		77 Comm
Bars, Iron or Steel	118 Comm	118 Comm		100 Comm
Boards, Plaster or Gypsum	116 c1 33	116 c1 33		88 Comm (a)
Canned Goods - C1M 50,000 lb	142 80% 5c1	142 80% 5c1		125 Comm
CTM 30,000 lb	168 6 c1	168 6 c1		--
CTM 24,000 lb	--	--		147 Comm
Cement, Natural or Portland	106 Comm	106 Comm		80 Comm
Cereals, Flaked, etc. June 17, 1955	131 8c1	131 8c1		118 Comm
July 18, 1955	106 c1 30	106 c1 30		
Cigarettes and Tobacco	246 c1 70	200 Comm		180 Comm
Iron and Steel Articles	151 Comm	151 Comm		100 Comm C.I.
Paper Commodities - Group A	157 Comm	157 Comm		98 Comm (a)
Group B	164 Comm	164 Comm		--
Group C	170 Comm	170 Comm		114 Comm
Pipe, Cast Iron	116 c1 33	116 c1 33		105 Comm
Plaster, Wall	95 c1 27	95 c1 27		85 Comm
Preparations, Baking, Dry - June 17, 1955	131 8c1	131 8c1		98 Comm
- July 18, 1955	106 c1 30	106 c1 30		
Rive, cleaned	166 Comm	166 Comm		146 Comm

(Cont'd)

COMMODITY	NORMAL ALL RAIL #		RAIL & WATER ϕ		ALL WATER *
	B. Year 1955 (Cont'd)				
3. Commodities listed in "Rail" and "Rail/Water" tariff on which "all Water" rates may be quoted but are not on M.T.C. file					
Barley, Corn, Oats, Rye, Wheat, Ex L., Ex W, for Milling in Transit	113 Comm	113 Comm	Not on file		
Barley, Oats, Rye, Wheat, Ex L, Ex W	117 Comm	117 Comm	not on file		
Linseed Meal, Ex L, Ex W.	117 1/2 Comm	117 1/2 Comm	not on file		
Concentrates, Animal or Poultry Feed	106 c1 30	106 c1 30	not on file		
Boards, Sheets, Plst, Sawdust, etc.	106 c1 30	106 c1 30	not on file		
Cans, Tin (Less than 1 pt.capacity)	153 c1 45	171 Comm - 153 c1 45	not on file		
Fertilizers	127 Comm	147 Comm	not on file		
Lead, White or Red	171 Comm	171 Comm	not on file		
Oil, Linseed	158 c1 45	153 c1 45	not on file		
Pipe, Iron or Steel & Fittings	159 Comm	159 Comm	not on file		
Seed, Alfalfa, Clover or Grass	126 Comm	126 Comm	not on file		
Shingles, Sheets and Corrugated Roofing	106 c1 30	106 c1 30	not on file		
Soda, Silicate of	126 7 c1	126 7 c1	not on file		
	95 c1 27	95 c1 27	not on file		
4. Commodities "All Water" Newfoundland Canada, Steamships or Clarke Steamships Ltd. on which there are no corresponding competitive "Rail/Water" or Commodity "Rail/Water" Rates					
Asphalt			35 Comm		
Automobiles, Passenger			489 Comm		
Freight			452 Comm		
Baking Powder			156 Comm (a)		
Soda			175 Comm		
Beans, dried			96 Comm		
Beverage, Syrup			235 Comm		
Biscuits and Cake			180 Comm C.L.		

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(Cont'd)

COMMODITY	ALL WATER *
B. Y e a r 1955 (Cont'd)	
4.(Continued)	
Bottle Caps	180 Comm
Bricks	115 Comm
Butter (ordinary stowage)	180 Comm
Carmels	180 Comm
Caustic Soda	146 Comm
Cheese (ordinary stowage)	180 Comm
Chimneys, Sectional Pre Cast	146 Comm
Cocoanut Desiccated	180 Comm
Coffee	180 Comm
Coal, in bags	88 Comm
Confectionery	177 Comm C.L.
Cream of Tartar	156 Comm (a)
Dessert Preparations	143 Comm
Drugs and Medicines	177 Comm C. L.
Eggs (ordinary stowage)	200 Comm
Fruits, Apples	180 Comm
Glass, Bottles & Jars, Empty	70 Comm (a)
	When packed in new wooden bottle containers
Glucose	130 Comm (a)
Glue	110 Comm C.L.
Hay	85 Comm
Hides	180 Comm
Javex Water & Javex	145 Comm
Lard and Shortening (Ordinary stowage)	146 Comm
Lead, Pig	75 Comm
Linoleum & Oilcloth	146 Comm
Liquors, Alcoholic	228 Comm C.L.
Lumber, Native	100 Comm
Lye	180 Comm
Macaroni, Noodles, etc.	146 Comm
Meats, cured, smoked	146 Comm
Molasses	147 Comm C.L.
Milk, Condensed or Evaporated	125 Comm C.L.
Nuts	177 Comm
Paint	146 Comm
Paper bags	120 Comm
Petroleum Products - Gasoline	146 Comm
Oils & Greases	143 Comm
Pig Iron, etc.	75 Comm
Pipe, Concrete	88 Comm
Plywood, Veneer	100 Comm
Rice	146 Comm
Salt	88 Comm
Sand, moulding	88 Comm
Sawdust	88 Comm
Soda, Ash (Caustic)	146 Comm
Straw	85 Comm
Sugar	55 Comm
Tanning Extract	146 Comm
Tea	225 Comm C.L.
Vegetables, Potatoes	98 Comm
Vinegar	130 Comm
Yeast, Dry	146 Comm
Zinc Slabs	75 Comm
Barrels, empty, wood or steel	145 Comm (a)
Roofing, Prepared, plain, etc.	114 Comm (a)

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NOTE - # Applicable at close of navigation season.

ø Effective from April 15, 1955 to November 25, 1955, unless sooner cancelled, changed or extended.

* Effective during period of open navigation. Rates are Newfoundland Canada Steamships Ltd., except --
(a) Clarke Steamship Company Ltd. rates when lower.

IMPORTANT NOTE - "All Water" rates are L.C.L. or Any Quantity rates unless specifically indicated carload (C.L.).

+ Applicable from June 6, 1955 to November 30, 1955 unless sooner cancelled, changed or extended.

** Either class rates or specific all rail commodity rates would apply, if published.

Maritimes Transportation Commission
June 17, 1955.

---EXHIBIT NO. 19: Agreement between C.N.R. and
Furness Withy & Co. Ltd.

EXHIBIT NO. 19

E X H I B I T 9 4

This Agreement entered into this day
of A.D. 1949.

BETWEEN CANADIAN NATIONAL RAILWAY COMPANY
Hereinafter referred to as the
"Railway Company",

Of the First Part,

and

FURNESS, WITHY & COMPANY, LIMITED
hereinafter referred to as the
"Steamship Company",

Of the Second Part.

WHEREAS the parties hereto have mutually
agreed to co-operate in the solicitation and booking
of freight shipments originating at or destined
to the Ports of Corner Brook and St. John's in the
Province of Newfoundland for transportation over the
lines of the Railway Company and its connecting lines
and on the ships of the Steamship Company and the
interchange thereof at the Ports of Montreal and
Halifax.

WITNESSETH that in consideration of the
premises and the mutual covenants and agreements
herein contained the parties hereto covenant and
agree as follows:-

1. (a) Each party will accept and take
delivery from the other at the Port of Montreal
or the Port of Halifax, as the case may be, of

all freight shipments originating at or destined to the Ports of Corner Brook and St. John's in the Province of Newfoundland (subject to the prohibitions and restrictions in applicable tariffs and to the extent of available shipping of the Steamship Company), with all documents relating thereto, tendered to it for transportation on ships of the Steamship Company or by the Railway Company, as the case may be, and with due despatch will transport and deliver such freight shipments to, and obtain receipts therefor from the consignees thereof.

(b) All freight shipments shall be interchanged between the parties only at sheds or piers of the National Harbours Board or at other locations, as from time to time may have been designated or defined by the Railway Company within the confines of National Harbours Board property in the Ports of Montreal or Halifax and in no event at the Wellington Basin or any location on the Lachine Canal.

(c) The Steamship Company will be responsible for and will arrange with the National Harbours Board to accept payment from it of Port Warden's fees and top wharfage charges and all charges assessable against the Steamship Company by the National Harbours Board in respect to such freight shipments, and will indemnify and save harmless the Railway Company from all liability in respect thereof.

(d) All perishable freight shipments for interchange shall be subject to prior inspection if desired by the Perishable Freight Inspectors or other representatives of the Railway Company or the Steamship Company in the cars of the Railway or in the holds of the ships, before delivery to and acceptance by the Railway Company or the Steamship Company, as the case may be, as provided in Paragraph 1. (e) hereof.

(e) Subject to the provisions of the applicable tariff or tariffs, all freight shipments interchanged shall be deemed to have been delivered by the one party to the other, when such freight shipments have been placed on the floor, deck or other surface of the shed, pier or other location to be used for such delivery and the representative of the party receiving such freight shipments has given written receipts therefor to the other party, and upon such delivery the party receiving such freight shipments shall be solely responsible therefor.

(f) The Steamship Company will furnish the agent of the Railway Company at the Ports of Montreal or Halifax with full particulars of westbound freight shipments for interchange at least twenty-four hours before the expected arrival thereof, and as soon as possible will inform the Railway Company as to the shed, pier or other location where they will be delivered.

(g) The Steamship Company will furnish

the said agent not later than Monday morning of each week with a written listing of the days and the approximate hours of sailing of its ships during such week and the port or ports of call or discharge thereof in the Province of Newfoundland.

(h) The Railway Company will furnish the Steamship Company with full particulars of east-bound freight shipments for interchange promptly after the arrival thereof at the Ports of Montreal or Halifax and the Steamship Company as soon as possible will inform the Railway Company as to the shed, pier or other location where it will accept delivery thereof.

(i) The Steamship Company agrees that except for occasional voyages which shall require the prior approval of the Railway Company, which approval shall not be unreasonably withheld, it will not transport by water to and from Newfoundland any freight shipments other than bulk cargo originating at or destined to points west of Montreal, including the Lachine Canal.

2. (a) The Steamship Company will transport eastbound freight shipments received from the Railway Company subject to the terms and conditions of domestic bills of lading issued therefor by the Railway Company or preceding carriers.

(b) The Steamship Company will issue and deliver bills of lading in form approved by the Board of Transport Commissioners for Canada for westbound freight shipments to be interchanged

and will transport such westbound freight shipments subject to all the terms and conditions thereof. Such bills of lading shall contain an express statement that they are to have effect subject to the provisions of the Rules Relating to Bills of Lading as applied by the Water Carriage of Goods Act, 1936.

3. All freight shipments for interchange between the parties shall be subject at all times to the relevant classifications and tariffs in effect on the dates of issue of the bills of lading therefor and all freight and other charges in respect thereof shall be fixed and determined pursuant to such classifications and tariffs.

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4. (a) The Steamship Company will, in the event of its failing or being unable to transport and deliver any freight shipments received by it from the Railway Company, or to be interchanged by it to the Railway Company, arrange for the forwarding of such freight shipments by other suitable means to the port of discharge in the Province of Newfoundland, or to the Ports of Montreal or Halifax, as the case may be, at its expense and risk, to the end that eastbound shipments shall be delivered in due course to the consignee or owner thereof in the Province

of Newfoundland and westbound shipments to the Railway Company at the Ports of Montreal or Halifax, without any charges or expenses to the Railway Company or to the shipper, consignee or owner of the said freight shipments, other than those which would have accrued but for such failure or inability.

(b) The Railway Company will, in the event of its failing or being unable to transport and deliver any freight shipments received by it from the Steamship Company, or to be interchanged by it to the Steamship Company, arrange for the forwarding of such freight shipments by other suitable means to the point of destination or to the Ports of Montreal or Halifax, as the case may be, at its expense and risk, to the end that westbound shipments shall be delivered in due course to the consignee or owner thereof at point of destination and eastbound shipments to the Steamship Company at the Ports of Montreal or Halifax, without any charges or expenses to the Steamship Company or to the shipper, consignee or owner of the said freight shipments, other than those which would have accrued but for such failure or inability.

(c) Whenever the Railway Company for whatever cause, diverts to either the Port of Montreal or the Port of Halifax, freight shipments consigned via North Sydney to destinations in Newfoundland, the Steamship Company will accept such shipments at the said ports, and transport the same to the

Ports of Corner Brook or St. John's as directed by the Railway Company subject to the same rates and divisions and on the same terms and conditions as if such shipments had originally been billed to the Ports of Corner Brook or St. John's via the Ports of Montreal or Halifax for furtherance by the Steamship Company.

5. (a) The Steamship Company covenants and agrees with the Railway Company that it will indemnify and save harmless the Railway Company from and against all lawful claims, actions, costs (including counsel fees) which may be made, brought against or incurred by it in respect of such freight shipments by reason of any matter or thing arising or occurring during the time such freight shipments are in the possession of the Steamship Company.

Without limiting the generality of the foregoing, the Steamship Company further covenants and agrees that it will procure and maintain in full force and effect insurance upon all freight shipments delivered to it by the Railway Company or received by it for delivery to the Railway Company as herein provided against any loss, damage or expense arising or occurring during the time such freight shipments are in the possession of the Steamship Company, for which the Railway Company may be liable under its contract of carriage as represented by the Bill of Lading issued by it or a preceding carrier, as well as

against any loss, damage or expense caused to such freight shipments while in the custody of the Steamship Company from the time of receipt from the shipper or prior connecting carrier until such freight shipments are delivered to connecting carriers thereat, by any of the perils against which such freight shipments are declared to be insured under the tariff or tariffs issued by the Railway Company, or a preceding carrier, subject to all the terms and conditions set forth in such tariff or tariffs. The tariff or portion of the tariff setting forth the risks insured against shall be in the form attached and marked Exhibit "A" and the Railway Company shall not change the terms and conditions of such tariff without the prior consent in writing of the Steamship Company, which consent shall not be unreasonably withheld.

The said insurance shall enure to the benefit of the owner and/or other persons having an interest in the said freight shipments, so that and to this extent that the owner and/or other persons having an interest in the said freight shipments shall be entitled to recover the full amount of any loss, damage or expense arising or occurring during the time the freight shipments are in the possession of the Steamship Company and for which they would have had a valid claim against the Railway Company or a preceding carrier in virtue of the contract of carriage evidenced by the Bill of Lading referred to above.

The Steamship Company is permitted to take a policy subject to a deductible but it is understood that the amount of all losses which but for the deductible would have been payable under the policy shall be borne by the Steamship Company.

The said insurance shall be effected with a company or companies satisfactory to the Railway Company and the policy or policies shall be in form approved by it. Cover notes shall be delivered by the Steamship Company to the Railway Company forthwith upon effecting the insurance and copy of the policy or policies shall be delivered to it forthwith upon their receipt by the Steamship Company.

Such insurance shall be for not less than the full value of freight shipments interchanged including charges.

The said insurance policy or policies shall specifically provide that they will not be altered or cancelled without the written consent of the Railway Company and notice of such proposed alteration or cancellation delivered to the Insurance Commissioner of the Railway Company at Montreal, at least Sixty (60) days prior to the proposed date of such alteration or cancellation.

(b) The Railway Company covenants and agrees with the Steamship Company that it will indemnify and save harmless the Steamship Company from and against all lawful claims, actions,

costs (including counsel fees) which may be made, brought against or incurred by it in respect of such freight shipments by reason of any matter or thing arising during the time such freight shipments are in the possession of the Railway Company and/or its connecting lines other than the Steamship Company.

6. (a) Each party shall be liable and arrange for settlement of all lawful claims for loss, damage or delay to freight shipments interchanged or to be interchanged, occurring while in its possession. The checking and tally records at the interchange of such freight shipments shall be the determining factor as to where such loss, damage or delay occurred.

(b) In any case where visible loss or damage or delay to freight shipments is caused or occurs both before and after the interchange thereof, the division of liability therefor between the parties shall be based upon the said checking and tally records at the interchange of such freight shipments.

(c) Where the parties are agreed that there is liability for concealed loss or damage, the amount disbursed in settlement shall be apportioned on a revenue pro rate between all parties involved.

(d) Save in respect of matters herein specifically provided, if the parties cannot agree on the settlement or apportionment of any claim

for loss, damage or delay, including litigation in respect thereof, the Freight Claim Rules of the Association of American Railroads, Freight Claim Division, in effect on the date the Bill of Lading was issued shall apply and shall prevail.

(e) Save as provided in Paragraph 6 (a) hereof, either party, on behalf of all carriers involved, may settle or decline claims for loss, damage or delay to freight shipments interchanged according to the merits after proper and careful investigation and consideration thereof; PROVIDED, HOWEVER, that before such claims are paid, the party dealing therewith shall submit to the other all documents and reports relating thereto, including a statement of the facts and circumstances justifying the proposed settlement, and obtain the approval of the other party to such settlement and its consent to accepting debit for the full amount or its proper proportion thereof, determined as herein provided.

(f) Each party will submit separate accounts for monies due to it by the other in respect of each claim and the other will pay such accounts within thirty (30) days after receipt thereof.

7. Settlement of net balances of freight and other charges, both prepaid and collect, between the parties, in respect of eastbound freight shipments, shall be made within fourteen (14) days after the ship has sailed from the Ports of

Montreal or Halifax.

8. Settlement of net balances of freight and other charges, both prepaid and collect, between the parties, in respect of westbound freight shipments, shall be made within fourteen (14) days after delivery thereof to the Railway Company.

9. The parties will carry out and give effect to this Agreement in the most liberal and reasonable manner and from time to time will issue to their respective agents and representatives in Canada and elsewhere necessary instructions to this end. If in practice it should be found that any right or interest of either party has not been fully protected or provided for in accordance with the object and intent hereof, the parties will negotiate with fairness and candour to obviate the injustice or difficulty.

10. Should either party fail to perform any of the obligations on its part to be performed hereunder, and such default continue for thirty (30) days after notice in writing specifying such default and stating that this agreement is liable to be terminated unless such default is corrected, has been given to it by the other, such other party may by written notice declare this agreement forthwith terminated.

11. This agreement, unless sooner terminated as herein provided, shall remain in force for one year from the date hereof and thereafter from year to year, subject, however, to termination at

any time after the date hereof upon three months' previous notice in writing given by either party to the other.

12. All notices to be given under the provisions hereof shall be in writing, and may be served personally or by mailing them postage prepaid and registered, to:

"The Secretary,
Canadian National Railway Company,
360 McGill Street,
Montreal, Quebec."

and to:

"The Director,
Furness, Withy & Company, Limited,
315 St. Sacrament Street,
Montreal, Quebec."

13. This agreement shall not be assigned in whole or in part by either party without the written consent of the other.

IN WITNESS WHEREOF this Agreement has been duly executed by the parties hereto.

CANADIAN NATIONAL RAILWAY COMPANY

FURNESS, WITHY & COMPANY, LIMITED.

EXHIBIT "A"

TARIFF CONDITIONS

MARINE INSURANCE

Rates published herein, unless otherwise specified, include Marine Insurance as follows:

Property while in custody of any one of the water carriers from the time the water carrier receives it from prior connecting carrier or from the Shipper, on the Docks, Piers, Wharves, Bulkheads, Platforms, Lighters and/or Craft, Transfers and Land Conveyances at ports of loading of vessels and while it is waterborne on vessels at and between ports and while it is on Docks, Piers, Wharves, Bulkheads, Platforms, lighters and/or Craft, Transfers and Land Conveyances at ports of discharge of vessels until it is delivered to consignee (but not beyond the free time allowed for delivery as designated by the water carrier, nor while held by the water carrier as Warehouseman) or until it is delivered to connecting carriers thereat IS INSURED.

WHILE WATERBORNE, against the perils of the seas, rivers and waters, canals, thieves, fires, explosions, bursting of boilers, breakage of shafts or through any defect, latent or otherwise, in the machinery, hull, equipment, or appurtenances, collisions, strandings, jettisons, barratry of the Master or Mariners and all other like perils, losses and misfortunes that have or shall come to

the hurt, detriment or damage of said property, or any part thereof, including general average charges and expenses for which the owner may under the Maritime Law be chargeable.

WHILE ON DOCKS, PIERS, WHARVES, BULKHEADS, PLATFORMS, TRANSFERS AND LAND CONVEYANCES, against the risks of Fire, Lightning, Collisions, Derailment, Cyclones, Hurricanes, Hail, Earthquakes, Floods, or any accident to the conveyances, explosions, rising of navigable waters and collapse or subsidence of docks whether in Warehouse or otherwise on quay and/or wharf.

EXCLUDING at all times capture, seizure, arrest, restraint, detainment, and the consequences thereof or of any attempt thereat; the consequences of hostilities or warlike operations, whether there be a declaration of war or not; the consequences of civil war, revolution, rebellion, insurrection, civil strife arising therefrom, piracy; loss or damage caused by strikers, locked-out workmen or persons taking part in labour disturbance riots or civil commotions.

---EXHIBIT NO. 20: Data for Royal Commission on
Coasting Trade

EXHIBIT 20

CORNER BROOK SHIPMENTS

DATA FOR ROYAL COMMISSION ON COASTING TRADE

1. TOTAL MILL MOVEMENT 1951-54

		<u>Tons</u> <u>Inward</u>	<u>Tons</u> <u>Outward</u>
1951	-	201,100	343,083
1952	-	142,602	367,343
1953	-	115,766	343,570
1954	-	<u>164,198</u>	<u>364,634</u>
Average	-	155,916	354,657

2. BREAKDOWN FOR 1954

(a) Inward Mill Cargoes

		<u>Tons</u>
Fuel oil	ex South America	- 119,072
Coal	ex Great Lakes	- 24,334
Sulphur	ex Texas	- 12,880
Alum	ex United Kingdom	- 1,954
Wrapper	ex Quebec, Three Rivers	- 2,400
Cores	ex U.S. ports	- 1,565
Heavy Lifts		- 1,155
General		- <u>838</u>
		<u>164,198</u>

(b) Outward Mill Cargoes

Newsprint paper to U.S.A.*	-	273,205
to United Kingdom	-	25,582
to Australia	-	7,894
to other export	-	<u>7,462</u>
		314,143
Sulphite to United Kingdom	-	49,525
Groundwood pulp to United Kingdom	-	<u>966</u>
		<u>364,634</u>

* Of U.S.A. cargoes, some 20% is for Great Lakes ports.

3. PULPWOOD MOVEMENTS

(a) Barged to Corner Brook from Coastal Points

		<u>Cords</u>	<u>Approximate Tons</u>
1951	-	132,600	300,000
1952	-	141,767	320,000
1953	-	157,419	350,000
1954	-	152,025	340,000
1955 (est)	-	190,000	430,000

*(b) Exported to United Kingdom from B.B. and N.D.B.

		<u>Cords</u>	<u>Approximate Tons</u>
1951	-	52,640	120,000
1952	-	84,581	190,000
1953	-	70,987	160,000
1954	-	77,223	175,000
1955 (est)	-	80,000	180,000

*(c) Exported to United Kingdom from Maritime Ports, N. S. and N.B. as in winter Nfld. ports frozen up.

		<u>Cords</u>	<u>Approximate Tons</u>
1951		47,510	110,000
1952		53,929	120,000
1953		25,308	60,000
1954		13,530	30,000
1955 (est)		40,000	90,000

4. COST OF MARINE TRANSPORTATION - 1954

(a) Inward Mill Cargoes

Fuel Oil	-	\$195,000	
Coal	-	50,000	(estimate)
Sulphur	-	56,000	
Alum	-	7,000	
Wrapper and cores	-	46,000	
Miscellaneous	-	<u>53,000</u>	
		<u>\$407,000</u>	

(b) Outward Mill Products

Newsprint	-	\$2,136,000	(excl. f.o.b. sales)
Export pulp	-	<u>416,000</u>	
		<u>\$2,552,000</u>	

* In Scandinavian ships.

(c) Pulpwood Movement

Newfoundland to U.K.	-	\$1,258,000
Maritimes to U.K.	-	248,000
Coastwise (barge)	-	<u>735,000</u>
		<u>\$2,241,000</u>
TOTAL CHARGES 1954	-	<u>\$5,200,000</u>

5. TOTAL SALES - 1954

Newsprint paper	-	\$37,368,000
Export pulp	-	5,127,000
Export pulpwood	-	3,218,000
Electric power	-	445,000
Miscellaneous	-	<u>530,000</u>
		<u>\$46,688,000</u>

6. TYPICAL 1954 FREIGHT RATES

	Per Ton	
Paper to U.S.A. North of Hatteras	- \$6.00	(two ports)
" " U.S.A. South Atlantic	- 7.00	"
" " U.S.A. Gulf ports	- 8.00	"
" " Lake Erie ports	- 7.00	"
" " Lake Michigan ports	- 8.50	"
Pulp to United Kingdom	- 9.50	
Pulpwood to U.K. from Newfoundland	- 10.50	

7. TYPICAL SHIPS USED (excl. f.o.b. sales.)

Trade	Ships	Nationality	Capacity g.r.t.	Capacity d.w.t.	Normal Cargo Tons
Paper to U.S.A. Coastal ports	MARGARET BOWATER VINLAND LIVERPOOL ROVER FORT AVALON ELG	British Canadian " British Norwegian	6481 7160 4454 3484 4014	8400 10,265 6250 4014 7080	4800 5200 4400 2300 4200
Paper to Great Lakes	"Paterson" Lakers	Canadian	2210	?	2000
Pulp to U.K.	ADA GORTHON LOUISA GORTHON	Swedish "	3663 2112	5945 3525	3600 3100
Pulpwood to U.K.	CARL GORTHON EDDA HANS MAERSK	" Danish	1810 1572 1999	3415 2985 3250	3200 2700 3000 (incl. deck) " "

---EXHIBIT NO. 21: Newfoundland's main industries, etc.

EXHIBIT NO. 21

Containing:

- (1) List of Newfoundland's Main Industries.
- (2) List of Current Members of the Newfoundland Branch of the Canadian Manufacturers Association.
- (3) Copy of the Section of the 1955 Annual Report giving the Background of Confederation and its six subsequent years as it has affected Industry and Transportation.

Newfoundland's Manufacturing Industries

A. Long-Established Industries doing Exporting only

Iron Ore Unprocessed - Wabana^{*}, Ruth Lake, with Wabush to come

Fluorspar - 2 mines producing 98% of Canada's output

Zinc-Lead etc. - Buchans

Copper - Tilt Cove etc. being reopened this year

Limestone - Aguathuna which is exported to Sydney by DOSCO

*Corner Brook which is used agriculturally
Chalker's Quarries also used locally

Asbestos and a number of other minerals also seem ready to be worked.

Fish - dried - \$14½ million per year - marketed by NAFEL

Fish - frozen - \$12½ million per year - US, Canadian & local

Fish otherwise processed and byproducts - mostly exported

Seal skins - export after skinning and rendering oil

Whale meat - export and local for meat, oil exported

Berries - exported

**Paper, Pulp and Pulpwood - exported

B. Economic Development Industries doing
Exporting as noted

*Cement - exporting and local market

*Gypsum	"	The payrolls of these
		industries was \$4.3 million
*Plasterboard	"	last year - \$8.8 since
		their start.

Leather	"
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*Shoes	"	* represents CMA members
--------	---	--------------------------

*Handbags	"
-----------	---

*Gloves	"
---------	---

Knitwear	"
----------	---

*Rubber Footwear	"
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*Machining	"
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*Work Clothes	"
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*Cotton Piece Goods	"
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Birch and other Plywood	"
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Birch Flooring	"
----------------	---

*Hardboards	"
-------------	---

Movies	"
--------	---

Electronics	"
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Metal Pipe Assembly	Local
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Chocolates	Export & Local
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*Batteries	"	"
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C. Long-Established Industries Manufacturing
for the Local Market except as noted #

Asphalting	1	#Paint (some export)	1
		*Margarine	1
**Biscuits	2	Mattresses	2
**Bread	8	**Medicines & Flavors	4
***Brewing	3	*Nails	2

Bricks	2	Oxygen and Acetylene	1
*Brushes	1	**Printing	5
Concrete & Blocks		*Publishing	17
Brick and Pipe	2	Refrigerating	2
*Canning fruit and vegetables	3	Sails	2
Creosoting	1		
**Confectionery	2	*Sash and Door and Furniture	10
Cooperage and Box	3	Ships - wooden	1
Dock	3	Ships - Steel	1
*Engines, Elevators etc.	1	****Soft Drinks	9
***Foundries	4	**Ropes and Twines and Nets (Export)	1
Fur Coats	1	Stone and Gravel	3
Hams and Bacon		**Stoves	2
Smoking	2	Wheelwrights	4
***Ice Cream	3		
Trunks	1	*Woolens	1

CURRENT MEMBERSHIP

NEWFOUNDLAND BRANCH OF THE CANADIAN MANUFACTURERS ASSOCIATION

Atlantic Gloves Ltd.	Carbonear
Atlantic Gypsum Ltd. (Gypsum and Plasterboard)	Corner Brook
Anglo-Newfoundland Development Co. (Paper)	Grand Falls
Atlantic Hardboard Industries Ltd.	
Bowater's Nfld. Pulp and Paper Mills Ltd.	Corner Brook
Brookfield Ice Cream Ltd., St. John's	Grand Falls
	Corner Brook
F.F. Barnes Machine and Fabricating Shops (Boats, Engines, Elevators etc.)	
Bavarian Brewing Ltd.	
Bennett Brewing Ltd.	
Browning-Harvey Ltd. (Biscuits and Confectionery and Jams) (Pepsi Cola)	
Corner Brook Foundry and Machine Co. Ltd.	

Central Newfoundland Foundry	Grand Falls
Cheivers Foods Ltd. (Canned Fruits, Vegetables, etc.)	
Canadian Machinery & Industry Construc- tion Ltd. (Machine Shops, School Desks, Construction)	
Colonial Cordage Co. Ltd. (rope, twine & nets)	
Dominion Limestone Ltd. (DOSCO)	Aguathuna
Dicks and Company Ltd. (Printers)	
Chester Dawe Ltd. (Sash & Door, etc. Lumber)	
Gerald S. Doyle (Bottled Oils and Medicines)	
East End Bakery Limited	
Gold Sail Leather Goods Ltd. (Handbags and Briefcases)	Harbour Grace
Gaden's Ltd., St. John's (Coca-Cola) Bishop's Falls (Central) Corner Brook (West)	
Hanning Electric Co. Ltd. (Storage Batteries)	
Norwood Lumber Co. Ltd. (Woodworking, Brushes, etc.)	
Imperial Oil Ltd. (Distributing only)	
Koch Shoes Ltd.	Harbour Grace
Mammy's Ltd. (Bakery)	
MacCormac's Ltd. (Drycleaning)	
T. McMurdo & Co. Ltd. (Patent Medicines)	
Newfoundland Brewery Ltd.	
Newfoundland Margarine Co. Ltd.	
Purity Factories Ltd. (Biscuits, Con- fectionery, Jams) (Canada Dry Beverages)	
Riverside Woolen Mills Ltd. (Blankets etc.)	Makinson's
Royal Aerated Water Co. Ltd. (Soft Drinks)	
Superior Rubber Co. Ltd. (Rubber Footwear)	Holyrood
Trade Printers and Publishers Ltd.	

Terra Nova Textiles Ltd. (Work Clothes)

United Nail & Foundry Co. Ltd.

United Cotton Mills Ltd. (Cotton Piece Goods)

Wabana Ore Ltd. (DOSCO)

Bell Island

ALL situated at St. John's except as otherwise
noted.

ANNUAL REPORT

of the Newfoundland Branch

of the Canadian Manufacturers Association

April 20, 1955

Newfoundland Branch

INTRODUCTION

(Typed but not read; for information only).

In view of the number of distinguished visitors we have at our meeting, many of whom know little of the background of our industries, nor the basic foundation on which they continue to exist, it is of value that this report of the Newfoundland Branch should incorporate such introductory information.

This April 1st, Newfoundland completed six years of Confederation - certainly six years of upheaval such as rarely comes to a little isolated island.

AN IMPORTANT DECISION

1949 found this country comprised of nearly half a million people of Anglo Saxon stock, proud sturdy independent, and not long out of a

war in which we had in every way very satisfactorily acquitted ourselves. Newfoundland was prosperous, with money in the treasury, a good annual surplus, and no national debt.

Our paper industry was booming and expanding. Our fisheries were good and our freezing plants increasing and doing well. Our mines were working to full capacity. The American Bases were continuing to pour payrolls and purchases into our economy. Our position at the crossroads of international air travel, communications, and the key to North American defence gave us an important position in world affairs. We possessed great exporting and purchasing power. Industrially we were doing very nicely.

But in spite of all this prosperity, we knew in our hearts we were too small to stand alone, now that Great Britain and ourselves were ready to put an end to government by commission. The lessons of the past told us we should again be but a straw blown in all directions by the powerful and uncontrollable winds of international trade, currencies, credits, and pacts.

JOINING WITH CANADA

Purely economic considerations would indicate that if we joined with anyone for economic stability, reciprocal trade, and defence that party should be the United States. There were grave disabilities to joining Canada, and little to recommend it but joint British citizenship.

Newfoundland economy must be based upon selling our paper, fish, minerals, and other products in the markets of the world - the United States, West Indies, South America, England and Europe. And in purchasing our requirements in the great markets at bargain export prices.

POOR COMMUNICATION WITH CANADA

To join Canada would mean the closing to us of purchasing in world markets, and the diversion of this trade to a largely one-way affair in the higher-priced markets of Central Canada.

Not only would this involve higher prices, but transportation from central Canada was both expensive and inadequate.

Before there was any thought of confederation, the fact that communications from Canada were inadequate was of little consequence. Except from the Great Lakes there was no great trade, and the railways were used principally during the peak seasons in the fall and spring and in the winter when the St. Lawrence River was icebound.

CONFEDERATION THE ONLY COURSE

It became obvious that in spite of the fact that Newfoundland's economy would not fit into that of the Dominion, the two must definitely be joined together for mutual good.

The best of goodwill and commonsense was exercised in the arranging of an agreement. Proof of this is that, while in some ways matters have not worked out to Newfoundland's benefit

as intended, today practically all Newfoundlanders approve of the union.

In some cases the agreement had to be stated in very general terms. This was particularly so where it was thought insufficient figures or information were obtainable, and in other instances where there was little or no experience to go by.

Provision was made for a Revision of the Terms of Union to take place by 1957. A Newfoundland Commission is already working on the matter, and our Association will take the opportunity to lay before it in due course and in full detail the point of view of our Manufacturers.

THE CONFEDERATION BARGAIN

The broad basis of the agreement reached at the confederation table was that Newfoundland and Newfoundland-Labrador would contribute its people, resources, airfields, strategic defence-position, American Bases, tariff-wall, income excise and other taxes, purchasing-power, and all other assets.

It should be noted that the purchasing-power was no mean asset. The substitution of the Canadian tariff-wall for the Newfoundland tariff-wall meant the switching from other markets largely to central Canada of annual purchases estimated at \$150,000,000.

In return Canada would principally provide federally all the social benefits and other amenities, defence, certain public works, and the other services given to other provinces.

It was also inferred by all spokesmen that Newfoundland would now become a key part of the great Canadian development, and that the wealth and prosperity of Canada would flow over in the form of investment into the new province.

In becoming part of Canada, Newfoundlanders would be for ever with the inherent right to equality of opportunity to live and earn on a parity with the rest of the Dominion.

TRANSPORTATION PROMISED

The great concrete guarantee that this would be fulfilled was that good cheap transportation would be provided. The Canadian National Railways were entrusted with giving railway service adequate for the traffic offering, and at the same low freight rate levels as those of the Maritimes. (These attractive levels were in five years to be increased $64\frac{1}{2}\%$ to wipe out this benefit).

Ironically also these rate levels were not given until Newfoundland had to win a two-year fight for them through Royal Commission and Transport Board. Some eight million dollars in overcharges were paid out to the Railways and the matching Steamship Lines. This freight-cost lay heavily on our manufacturers at a most critical time. In regard to railway service, it has never been adequate to cope with the increased and continually growing traffic.

ROYAL COMMISSION ON COASTAL SHIPPING

Freight rates would be an intolerable

burden to cost of living (they are about 10% of average retail prices) and to cost of manufacturing were it not for the relief afforded by the competition of one Canadian Steamship Line and others under the British Flag. By bringing down to almost confederation-level during the season when the St. Lawrence River is open the rates of the Railway and Conference Steamships, this competition is our salvation.

A threat to this happy situation now appears in the recent appointment of a Royal Commission on Coastal Shipping. The danger is that this Commission, through appeals on uninformed and misguided patriotic grounds, may be persuaded to tamper with this competition. The Branch has made representation to the Association that it should act on our behalf to protect this very vital interest of ours. Indeed the matter should be of considerable interest to the other Atlantic Province manufacturers who are situated on the sea.

NEWFOUNDLAND LEARNS BY EXPERIENCE

It is not our purpose to discuss the Terms of Union and their fulfillment except where they directly affect manufacturing.

However it may be noted as a future guide in passing that Newfoundland should have accepted no terms worded as generalities. Such conditions may and will be interpreted in a dozen different ways. Instead in every case Newfoundland should have named actual rates, described the standard

and scope of services in detail, and have set a time limit at which the isolation which previously existed economically and geographically should be brought to a complete end.

By failure to do so, the transportation situation which was to be the answer to so much has been bogged down in government morass.

Newfoundland has also found that seven Federal Members of Parliament, even though they may be all on the government side of the house, contribute only just that exact proportion of voice and influence.

ATLANTIC PROVINCES ECONOMIC COUNCIL

This thought indicates that this is perhaps the proper place to interject the fact that Newfoundland and this Branch is greatly pleased and interested in the recent formation of the Atlantic Provinces Economic Council.

In very many ways we are in the same boat as the manufacturers of the other three Atlantic Provinces, and much of what we have to say about confederation must have a very familiar ring in Maritime ears.

It is our pleasure to have with us at these meetings, Mr. R. Whidden Ganong, President of the Council. We are pleased to have this opportunity to congratulate him personally on the great part he has already played, and to wish him continued success in office.

Newfoundland has joined the Council

eagerly because of the great good it can do. This Branch, like all others in the Division, promises full support in all its doings,

FEW RESULTS FROM CANADA

It is necessary to remark in connection with confederation that the promises and hopes of great development-capital pouring into the new province proved to be mere platitudes. With the exception of some mining interests not even inquiries resulted. Since Newfoundland has a great problem in its growing population, alternate action was imperative. In 5 years we shall actually pass the 500,000 population mark. In 10 years our working force will be 25% greater.

To cope with this, Newfoundland would have to help herself. Hence the two-pronged drive of Premier Smallwood.

Preliminary action was a series of surveys by the little and other organizations, by the province and federal authorities, leading to the formation of the great Development Corporations of NALCO and BRINCO, and to the Royal Commissions on the Fisheries, Forestry, and Agriculture, all of whom have been bringing out sweeping recommendations for economic development.

Great plans have been made for the development of natural resources, large programmes are in various stages of progress in the fisheries, forests, minerals, waterpower, agriculture and other fields of developing natural resources.

Even with all the development of natural resources, Newfoundland must have other payrolls and industries to employ her people and earn the money for the country's purchases.

MANUFACTURING WRITTEN-OFF AT CONFEDERATION

It is of great interest to us that the sacrificial lamb on the alter of confederation was Newfoundland's Secondary Industries.

It seemed a foregone conclusion that the removal of the tariff-wall in the shelter of which they were operating would mean immediate or at least a very early demise. This seemed all the surer because they were practically all in a state of repairing the wear and tear of the war years.

The large manufacturing industries which exported their production would not be affected. Neither to a serious degree would be the "service" industries; but all the prophets wrote-off the foundries, the nail factory, the tobacco factory, the shoe plants, the clothing factories, the ropewalk, the paint factory, the margarine plant, the biscuit factories, the woodworking plants, the machine boiler and engine plants, the can factory, the canning and bottling concerns, the brickyards, and all the rest of secondary manufacturing.

Confounding the prophets of doom, however, these industries poured capital, energy, efficiency, quality, and good marketing into their organizations, and have survived with remarkably few casualties.

Not all survived of course. Nor are many of these existing members doing so without continued drastic effort. The clothing factories, the shoe plants, the tobacco factory, the can factory and a few minor plants fell victims; but on the other hand there has been not a little expansion. Greater investment, fine new plants and machinery, larger production, and bigger high-level payrolls replace the old.

Never has the personal initiative of private enterprise been better demonstrated than by Newfoundland's Secondary Manufacturers.

THE PROVINCE'S INDUSTRIAL DEVELOPMENT PROGRAMME

Having written-off a section of Newfoundland's own Manufacturing Industry, it is interesting that the Province had again to turn to Manufacturing-Development to balance its economy.

A large section of the membership of this Branch is composed of the resulting plants.

We have the Portland-Cement and Gypsum Plasterboard plants at Corner Brook.

The Leather-tannery, Glove factory, and Shoe and Handbag plants at Carbonear and Harbor Grace.

The Knitwear plant at Makinson's.

The Rubber-boot and Foam-rubber-products plant at Holyrood.

The Storage-battery plant at Woodstock near St. John's.

The Machinery, Repair, School-furniture, and Industrial-construction plant at the Octagon.

The Hardboards and Birch plants at Donovan's.

And at St. John's, the Work-clothes and Cotton-goods factories, and the Movie and Electronics plant.

To date Newfoundland has invested some \$21 million of its confederation-surplus in these industries, which have been mostly founded by German, Latvian, and Austrian industrialists.

It is generally conceded that all plants and machinery leave nothing to be desired. Very skilled able management has also in most cases been provided, and where changes have seemed desirable, these are being made.

It is entirely too early to assess the success of these plants; but it is of interest that some, such as the cement, hardboards, and two textile plants, seem outstandingly successful. The quality of the products of some of the others are exceptional. In fact of most of the industries good word may be spoken. It will however take some years before an accurate assessment can be made.

A reasonable chance of success was forecast for these industries; but no one has counted that a perfect score in this connection could ever be achieved. It will be a satisfactory result if even a majority add substantially to the economy.

NEWFOUNDLAND'S INCOME (1954 MINISTER OF FINANCE)

American Bases	25,000,000	
Paper Industry (Including Lumber industry etc.)	43,350,000	
Fish Plants	6,000,000	
Manufacturing	<u>8,800,000</u>	83,150,000
Fishing	12,000,000	
Mining	<u>13,365,000</u>	25,365,000
Shops	12,500,000	
Construction, gen.	<u>6,000,000</u>	18,500,000
Veterans		2,074,000
Mothers & Dep.		2,400,000
Transportation		16,500,000
Aviation		4,500,000
Auto Trades		3,461,000
Roads		2,350,000
Stevedoring		2,700,000
Municipal		2,650,000
Nfld. Govt.		14,000,000
Can. Govt.		15,000,000
Fam. Allowances		12,000,000
Old Age		9,350,000
Unemployment Ins.		5,000,000
Dividends		5,000,000
Miscellaneous		6,000,000

Total \$230,000,000 approx.

The Provincial Revenue was approximately \$40,000,000 showing a \$3½ million surplus.

The importance of processing and general manufacturing in the province's economy may be

observed. This is growing, and must continue to grow.

The shrinking of the salted-fish production is also significant. Also that agricultural production is so negligible as to be included in "miscellaneous". No longer is Nfld. only a fishing country.

--- EXHIBIT NO. 22: Means of transport used by eight manufacturers importing raw materials

EXHIBIT 22

NEWFOUNDLAND MANUFACTURING

Means of Transport used by 8 typical Manufacturers
in Importing their Raw Materials

Tons of 2,000 lbs.	Furness Red Cross <u>Halifax</u>	Other British <u>Flag</u>	Canadian Flag <u> </u>	<u>Rail</u>	Furness Warren <u>Liverpool</u>
1 Machine Shop	-	400	-	-	-
2 Breweries	7	2,461	204	-	-
1 Cordage	65	9	128	10	595
1 Margarine	492	4,286	2,239	-	69
1 Paint	-	898	559	-	391
1 Biscuit	420	1,238	415	340	66
1 Soft Drink	-	750	125	100	-
Total	984	10,042	3,670	450	1,122

EXHIBIT NO. 23: Letter dated July 22, 1955 from M. Powe, Canadian Department of Fisheries, St. John's, Newfoundland, to L.R.Brooks, Newfoundland Association Fish Exporters Ltd.

EXHIBIT 23

Canada

DEPARTMENT OF FISHERIES

Office of the Chief Supervisor

St. John's, Nfld., July 22, 1955

Mr. L. R. Brooks,
Assistant Manager,
Nfld. Associated Fish Exporters Ltd.,
St. John's

Dear Sir:

Complying with your request by telephone yesterday, we give you information available on the number of cod fishermen operating in 1953 as follows:

Estimated Number of men fishing cod
(excluding offshore fishermen) 1953

Inshore	11,953
Labrador Stationers	1,096
Labrador Floaters	<u>167</u>
	13,216
	<u> </u>

This total includes inshore fishermen landing the whole or part of their catch at fresh and salt fish processing plants; an accurate figure of which is not available.

However, on the basis of preliminary results of a survey, not yet completed, conducted for 1954, it might be assumed that between 1500 and 2000

fishermen included under "inshore" above, salted no commercial quantities of their catch. The number of fishermen engaged in the salt codfishery would therefore show a total of between 11,216 and 11,716.

Yours very truly,

(signed)

M. ROWE

Markets & Economics Service.

--- EXHIBIT NO. 24: Statement of Shipments of 1953
Production Salt Codfish by
N.A.F.E.L. to and through
Canadian Ports and New York.

EXHIBIT 24

SHIPMENTS OF 1953 PRODUCTION SALT CODFISH BY
N.A.F.E.L. TO AND THROUGH CANADIAN PORTS AND
NEW YORK

September 1, 1953 to August 30, 1954

<u>MARKETS</u>	<u>CWTS</u>	<u>PACKED</u> <u>VALUE</u> <u>F.A.S</u>
Belgian Congo	138	1,500.64
Korea	16965	291,176.89
Barbados	23411	300,700.57
Trinidad	28758	393,658.97
Dominion Republic	2339	25,164.98
Cuba	23202	361,206.04
Puerto Rico	119684	1,692,615.36
Haiti	540	10,148.36
Canada	43457	207,798.48
United States	3207	51,821.94
British Guiana	2673	12,665.68
Costa Rica	174	3,233.60
Venezuela	2	37.34
Panama	268	3,102.27
Madeira	1306	23,637.28
Malta	195	3,193.27
Port West Africa	56	953.40
Jamaica	104974	1,766,797.10
St. Lucia	5561	76,355.47
St. Vincent	3411	46,615.51
Grenada	7169	102,953.17
Antigua	234	3,254.14
Dominica	5036	69,587.40
Montserrat	175	2,605.50
St. Kitts	655	7,936.45
Nevis	30	399.18
Inagua	27	490.50
Hawaii	2	31.95
Dutch Guiana	133	1,654.92
Brazil	<u>72579</u>	<u>1,334,151.23</u>
	<u>465360</u>	<u>6,787,043.28</u>

This total of 465360 CWTS is net weight and would increase by about 10% to give a gross weight, thus the gross weight is around 25000 tons freights paid on the above would approximate 850,000.00.

--- EXHIBIT NO. 25: Montreal Shipping Co. Contract

EXHIBIT 25

MONTREAL SHIPPING COMPANY LIMITED

Chartering Brokers & Agents

Coristine Bldg., Montreal

THIS CHARTER PARTY, made and concluded upon in the City of MONTREAL, November 2nd, 1949, between STANHOPE STEAMSHIP COMPANY LIMITED - OWNERS (J.A. Billmeir & Co. Ltd., Managers) of the good STEAMER called the "STANWAY" of LONDON, ENGLAND, classed at 100 A 1 at BRITISH LLOYDS of the measurement of 1644 tons net register, or thereabouts, now TRADING, of the first part and NEWFOUNDLAND COAL COMPANY LIMITED of ST. JOHN'S, NFLD., of the second part,

WITNESSETH: that the said party of the first part agrees on the freighting and chartering of the whole of the said vessel (with the exception of the cabin and necessary room for the crew, and the storage of provisions, sails, fuel and cables), or sufficient room for the cargo hereinafter mentioned, unto said party of the second part for eight (8) voyages from Sydney, N.S., or North Sydney, N.S., or Louisburg, N.S., (one port only at Charterers' option) to St. John's, Newfoundland, This charter party covers eight (8) consecutive coal cargoes from Sydney, North Sydney or Louisburg, N.S., to St. John's, Newfoundland, with charterers' option of twelve (12) consecutive coal cargoes, said option

to be declared not later than on completion of discharge of coal on fifth (5th) voyage. All voyages to be made under the same terms and conditions as set forth in this charter party.

or so near thereto as she can proceed with safety and there deliver her cargo on the following terms:

1. The said vessel shall be tight, staunch, strong and every way fitted for such voyages and receive on board during the aforesaid voyages the merchandise hereinafter mentioned; and no goods or merchandise shall be laden on board otherwise than from the said party of the second part, or agent.

(The Act of God, Restraint of Princes and Rulers, the Country's Enemies, fire and all and every other dangers and accidents of the seas, rivers and navigation of what nature and kind soever during the said voyage, riots, strikes, fire, floods or any extraordinary occurrence beyond the control of either party, always mutually excepted.)

2. The said party of the second part doth engage to provide and furnish to the said vessel a full and complete cargo of coal in bulk underdeck - estimated to be about 4100 tons of 2240 lbs. and to pay to said party of the first part, or Agent, for the use of said vessel during the voyages aforesaid freight at the rate of Three Dollars (\$3.00) Canadian currency per ton of 2240 lbs.

All freight and other charges payable in Canadian currency (free of discount or commission. To be prepaid in Montreal, P.Q. upon telegraphic advice

that bills of lading have been signed, and to be considered earned and due and not returnable, vessel and/or cargo lost or not lost.

3. Cargo to beloaded and discharged free of expense to vessel. The Bills of Lading to be signed without prejudice to this charter, but at not less than chartered rates.

4. It is agreed that laytime for loading and discharging commences from the time the Captain reports vessel ready to receive or discharge cargo whether or not in berth, as follows: Master to tender written notice of(not legible)..... to Dominion Coal Company at loading port and to Newfoundland Coal Company Ltd. at discharge port. If said notices of readiness tendered between 9 A.M. and 12 noon, laytime shall commence at 1 P.M., if said notices are tendered between 12:01 P.M. and 5 P.M., laytime shall commence at the beginning of the following working day.

4A. Cargo to be loaded at the rate of 1500 tons of 2240 lbs., per weather working day, Sundays and holidays excepted. Cargo to be discharged at the rate of 800 tons of 2240 lbs., per weather working day, Sundays and holidays excepted.

4B. Overtime to be for account of party ordering it. Winchmen , if used to be for Charterers' account.

4C. Owners' agents to be employed at loading port, charterers' agents at discharging port at usual fee, not exceeding \$75.00.

5. For each and every day's detention beyond said time by default of said party of the second part, or Agent, demurrage at the rate of \$400.00 Can. per day, day by day, and pro rata for portion of a day shall be paid by said party of the second part, or Agent, to said party of the first part or agent.

5A. Despatch money, if earned, is payable at one-half (1/2) the demurrage rate per day or pro rata for part of 1 day for all laytime saved in loading and/or discharging.

5B. Laytime is reversible, i.e., any laytime saved at loading port is to apply at discharging port, and vice versa.

6. The cargo or cargoes to be received and delivered alongside the vessel at such wharf or place as Charterers, or their Agents, may designate, where she can load and discharge, always safely afloat, except at such places where it is customary for similar sized vessels to lie safely aground, within the reach of her tackles; lighterage, if any, at the risk and expense of the cargo.

7. Steamer has liberty to tow and be towed, and to assist vessels in all situations, also to call at any port or ports, for fuel and for other supplies.

8. Vessel to be free of wharfage and/or dockage under this charter.

9. Steamer to supply for loading and discharging, winches, steam or power to operate winches, derricks, gear as on board and lights by day and night, also on Sundays and Holidays, if required, free of charge to

Charterers, and provided stevedores' laborers agree to work with ship's winchmen, otherwise winchmen from shore to be used at Charterer's expense.

10. Laydays on the first voyage are not to commence before the 20th day of November 1949 and should the vessel not be ready for cargo at loading port on or before 4 P.M. the 5th day of December 1949 Charterers to have the option of cancelling this Charter Party.

11. Vessel to have a lien upon the cargo for all freight, dead freight and demurrage, and all and every other sum, or sums of money which may become due the vessel under this charter.

12. It is also mutually agreed that this shipment is subject to all the terms and provisions of, and all the exemptions from liability, contained in the Act of Parliament of Canada, assented to the 23rd day of June, 1936, and entitled "The Water Carriage of Goods Act, 1936." Also Newfoundland "Carriage of Goods at Sea" Act to apply. Seaworthiness warranted only so far as ordinary care can provide, and owners or agents are not liable for loss, detention or damage arising from latent defects existing at the time of sailing. General Average, if any, to be settled according to York-Antwerp rules of 1924, rules 1 to 15 and 17 to 22 inclusive, or the local custom of the port of Montreal, at Owner's option.

13. A commission of 2 1/2 per cent, on the amount of this charter, renewals or duplications and demurrage payable by vessel and/or owners is due on

payment of freight, to MONTREAL SHIPPING COMPANY LIMITED & OTHERS.

14. To the true and faithful performance of all and every of the foregoing agreements, we, the said parties, do hereby bind ourselves, our heirs, executors, administrators and assigns and also the said vessel's freight, tackle, and appurtenances and the merchandise to be laden aboard, each to the other, in the penal sum of estimated amount of this charter.

15. Any dispute arising during execution of this Charter Party shall be settled in Montreal or New York at owners' option, owner and Charterer each appointing an arbitrator, and the two thus chosen, if they cannot agree, shall nominate a third whose decision shall be final. Should one of the parties neglect or refuse to appoint an arbitrator within twenty-one days after receipt of request from the other party, the single arbitrator appointed shall have the right to decide alone, and his decision shall be binding on both parties, for the purpose of enforcing awards. This agreement shall be made a rule of the court.

16.(illegible) war risk clauses 1 & 2, and Canadian clause (illegible) as attached hereto, to form part of this charter party and to be incorporated in the bills of lading.

17. It is understood that owners will trade this vessel for their own account during the Christmas and New Years Holiday period at Sydney, N.S., from about December 20th, 1949 to about January 5th, 1950.

The vessel to resume the consecutive coal voyages covered by this charter party as soon as possible after January 5th, 1950.

IN WITNESS WHEREOF, we hereunto set our hands the day and year first above written.

NEWFOUNDLAND COAL COMPANY LIMITED
PER: MONTREAL SHIPPING COMPANY LIMITED

(SGD) ? W. WATSON
Chartering Department
As Agents by telegraphic
authority.

FOR AND ON BEHALF OF
STANHOPE STEAMSHIP COMPANY LIMITED, Owners
J. A. BILLMEIR & CO. LTD. Managers
On cable authority from Tatham, Bromage
& Co. Ltd., Received November 8th, 1949.

CANADIAN CHARTERING LTD.

(SGD) A. W. McCALLUM
Director.

We certify that this is a true copy of the original
in our possession, MONTREAL SHIPPING CO. LIMITED.

---EXHIBIT NO. 26: Form of Charter Party C.N.R.

EXHIBIT NO. 26

FORM OF CHARTER PARTY -- CANADIAN NATIONAL RAILWAYS

St. John's, Newfoundland,

May 26, 1952.

IT IS THIS DAY MUTUALLY AGREED between Canadian National Railways, Owners of the good Steamship called the "Brigus" classed Lloyds A-1 of 1,655 tons net register 4,200 tons deadweight, exclusive of bunkers, or thereabouts,

E. RIGGS Master, now at St. John's, Nfld. and expected to load about June 1 to June 10 AND Newfoundland Coal Co. Charterers.

1. That the said Vessel being tight, staunch and strong, and in every way fitted for the Voyage, shall with all possible despatch sail and proceed to Sydney, N.S. and there load, always afloat, in the customary manner, from the Charterers, in such Dock as may be ordered by them on or before arrival in port part cargo of coal, approximately 2,500 tons not exceeding what she can reasonably stow and carry, over and above her Tackle, Apparel, Provisions and Furniture; and being so loaded, shall therewith proceed, with all possible despatch, to St. John's, Newfoundland or so near thereunto as she can safely get, and there deliver her cargo alongside any Wharf, and/or Vessel, and/or craft, as ordered, where she

can safely deliver, always afloat, on being paid Freight at the rate of \$3.75 per ton of 2,240 lbs. upon telegraphic advice cargo has been loaded.

2. It is agreed that the lay days for loading and discharging shall be as follows: Cargo to be loaded at rate of 1,500 tons per weather working day Sundays and holidays excepted.

Consignees to receive cargo at port of discharge at the rate of not less than 750 tons per running day, Sundays and Legal Holidays excepted. Lay days to commence from the time the steamer is ready to load and/or discharge cargo, whether in berth or not, and demurrage to be paid at the rate of \$1,000 per day or pro rata for any part thereof.

Despatch \$333.33 per day.

3. Cargo to be loaded and discharged free of any expense to vessel. The vessel shall provide steam, steamwinches, and usual running gear.

4. Bunker Coals to be kept properly separated from Cargo to Charterers' satisfaction at the Vessel's expense. If any cargo is carried in a hold communicating directly with the Stokeholds the doors to be securely fastened on the cargo side.

5. The Bills of Lading shall be prepared in accordance with the usual practice of this Trade, and shall be signed by the Master, Agent or Owners, weight shipped unknown, freight and all terms, conditions and exceptions as per this Charter, such Bills of Lading to be signed at the Charterers' or Shipper's Office, within twenty-

four hours after the Vessel is loaded.

6. The Act of God, perils of the sea, fire, barratry of the Master and crew, enemies, pirates and thieves, arrests and restraint of princes, rulers and people, collisions, stranding and other accidents of navigation excepted, even when occasioned by the negligence, default, or error in judgment of the pilot, Master, mariners or other servants of the ship owner. Ship not answerable for losses through explosion, bursting of boilers, breakage of shaft or any latent defect in the machinery or hull not resulting from want of due diligence by the owners of the ship, or any of them, or by the ship's husband or manager.

7. Average, if any, shall be settled according to the York-Antwerp Rules, 1950. Should the Vessel put into any Port/or Ports leaky, or with damage, the Captain or owners shall without delay inform the Charterers thereof.

8. Steamer has liberty to tow and be towed, to assist vessels in all situations, also to call at any port or ports, for coal and/or other supplies.

9. Freight shall be payable at St. John's, Nfld., in Newfoundland funds free from discount, and the ship shall have a lien on cargo for all freight, dead freight, demurrage or other sum or sums of money due the vessel under this Charter.

10. Charterers to repair proved damages, caused through their negligence or fault, beyond ordinary wear and tear, but not to pay for time occupied

by said repairs.

(Paragraph 11 deleted)

12. In event of dispute arising under this Charter some shall be decided at St. John's, Nfld., by two Arbitrators, one appointed by Owners and the second by Charterers. These Arbitrators shall be empowered to call in a third party should they fail to agree. Cost of arbitration to be borne equally by Owners and Charterers, and Arbitrators shall be appointed within ten days after dispute arises.

13. This Charter to be subject to Chamber of Shipping War Risks Clauses (1937).

14. New Jason Clause and both to blame collision clause to form part of this Charter Party.

Witness to the Signature of:

'M.S. Dalton'

'H.J. Maynton'

for CANADIAN NATIONAL RAILWAYS

Witness to the Signature of:

'E. Gold'

'A.H. Murray'

for NEWFOUNDLAND COAL COMPANY

---EXHIBIT NO. 27: A. Willard Ivers, Inc. Contract

EXHIBIT NO. 27

General Gross Form	ORIGINAL	Agents
Code Word, "IGRO"		Shipping Limited
Revised 1954		Montreal, Canada

		A. Harvey & Co., Ltd.,
		St. Johns, Newfoundland

A. WILLARD IVERS, INC.

Ship Brokers

Bulk Cargo and Tanker Tonnage--Agency--Operations

75 West Street - New York 6, N.Y.

Telephone Whitehall 3-5890

Cable Address "AWIVE NEW YORK"

April 20, 1955

THIS CHARTER PARTY, made and concluded upon in the City of New York, New York, between ATLANTIC and GREAT LAKES STEAMSHIP CORPORATION, Time Chartered owners of the good steamship called the "TESEO" #22 of Genoa, Italy, classed Highest at Registro Italiano or equivalent of the measurement of 1654 Tons net register, or thereabouts, now trading of the first part, and SLATTERY BROTHERS, INC. of Philadelphia, Pa. of the second part.

WITNESSETH, that the said party of the first part agrees on the freighting and chartering of the said vessel (with the exception of the cabin and necessary room for the crew, and the storage of provisions, tackle, apparel, furniture, fuel and cables), or sufficient room for the cargo

hereinafter mentioned, unto said party of the second part, for a voyage from BALTIMORE, MARYLAND to ST. JOHN'S, NEWFOUNDLAND or so near thereunto as she may safely get, on the following terms.

1. The said vessel shall be tight, staunch, strong, and every way fitted for such a voyage, and receive on board during the aforesaid voyage, the merchandise hereinafter mentioned. Vessel to report with clean swept holds with refuse removed, ready to receive cargo.

2. The said party of the second part doth engage to provide and furnish to the said vessel FOUR THOUSAND (4000) Tons, of 2240 lbs., Five Percent (5%) more or less at owners option of Coal in bulk, underdeck and to pay to said party of the first part, or Agent, for the use of said vessel during the voyage aforesaid (\$3.10) THREE DOLLARS TEN CENTS, U.S. Currency per ton of 2240 lbs. Freight to be paid as follows: Prepaid in New York on telegraphic advices of signing Bills of Lading, and on Bill of Lading quantity, discountless and not returnable vessel and or cargo lost or not lost.

3. The Act of God, Restraint of Princes and Rulers, the Country's Enemies, fire, floods, droughts and all and every dangers and accidents of the seas, rivers and steam navigation of whatsoever nature and kind, riots and strikes, lockouts, stoppage of labor, and all and every other unavoidable hindrances which may prevent

the loading and delivery during the said voyage, always mutually excepted.

4. It is agreed that the lay-days for loading and discharging shall be as follows: Master to tender written notice of readiness for loading and discharging, whether in berth or not, during business hours to Slattery Brothers or their agents at loading port and Newfoundland Coal Company, Ltd. at discharging port. If said notice of readiness tendered between 9 A.M. and 12 Noon, lay time shall commence at 1 P.M.. If said notice is tendered between 12:01 P.M. and 5 P.M., lay time shall commence at the beginning of the following working day. Cargo is to be loaded, trimmed and discharged by Charterers free of expense to vessel. Vessel is to be free of wharfage and dockage under this Charter. Owners agents to act for vessel at loading port. Charterers agents to act for vessel at discharging port. Owners paying the customary agency fee.

5. Also, that for each and every day's detention by default of said party of the second part, or agent \$400.00 per day and pro rata for part of a day, shall be paid by said party of the second part, or Agent, to the said party of the first part, or Agent and Charterers to be paid despatch money at the rate of \$200.00 per day and pro rata for part of a day for all lay time saved in loading and or discharging. Laytime is reversible; i.e., any lay time saved at loading

port to apply at discharging port and vice versa.

6. GENERAL AVERAGE.-- General average shall be adjusted, stated and settled, according to York-Antwerp Rules 1950, at such port or place in the United States as may be selected by the Owner, and as to matters not provided for by these Rules, according to the laws and usages at the port of New York.

7. The cargo to be received and delivered alongside, within reach of the vessel's tackle at ports of loading and discharging. Vessel to supply power, winches and gear as onboard for loading and discharging, if required, free of expense to Charterer's.

Cargo is to be loaded at the average rate of 1500 tons of 2240 lbs. per weather working day, Sundays and Holidays excepted. Cargo is to be discharged at the average rate of 1000 tons of 2240 lbs., per weather working day, Sundays and Holidays excepted. Ships clerk at loading port, if required, is for owners account.

8. The Bills of Lading to be signed without prejudice to this charter, and are to contain the clause: "All other terms, conditions and exceptions of charter party to be considered as fully incorporated herein as if fully written."

9. It is also mutually agreed that this shipment is subject to all terms and provisions of and all the exemptions from liability contained in the "Carriage of Goods by Sea Act, United

States, 1936" and the "Water Carriage of Goods Act, Canada, 1936" as each applies.

10. U.S.A. CLAUSE PARAMOUNT.-- This bill of lading shall have effect subject to the provisions of the Carriage of Goods by Sea Act of the United States, approved April 16, 1936, which shall be deemed to be incorporated herein, and nothing herein contained shall be deemed a surrender by the carrier of any of its rights or immunities or an increase of any of its responsibilities or liabilities under said Act. If any term of this bill of lading be repugnant to said Act to any extent, such term shall be void to that extent, but no further.

11. This charter being entered into on behalf of other parties, it is hereby mutually agreed that the liability of the Charterers under this charter shall cease upon the lading of the cargo. The Owner shall have an absolute lien on the cargo for all freight, dead freight, demurrage and costs, including attorney's fees, of recovering the same, which lien shall continue after delivery of the cargo into the possession of the Charterer, or of the holders of any Bills of Lading covering the same, or of any storageman.

12. BOTH TO BLAME COLLISION CLAUSE. If the liability for any collision in which the vessel is involved while performing this Bill of Lading fails to be determined in accordance with the laws of the United States of America, the following clause shall apply:-

If the ship comes into collision with another ship as a result of the negligence of the other ship and any act, neglect or default of the master, mariner, pilot or the servants of the Carrier in the navigation or in the management of the ship, the owners of the goods carried hereunder will indemnify the Carrier against all loss or liability to the other or non-carrying ship or her owners in so far as such loss or liability represents loss of, or damage to, or any claim whatsoever of the owners of said goods, paid or payable by the other or non-carrying ship or her owners to the owners of said goods and set off, recouped or recovered by the other or non-carrying ship or her owners as part of their claim against the carrying ship or Carrier.

The foregoing provisions shall also apply where the Owners, Operators or those in charge of any ship or ships or objects other than, or in addition to, the colliding ships or objects are at fault in respect to a collision or contact.

13. NEW JASON CLAUSE. -- In the event of accident, danger, damage or disaster before or after commencement of the voyage resulting from any cause whatsoever, whether due to negligence or not, for which, or for the consequences of which, the carrier is not responsible, by statute, contract, or otherwise, the goods, shippers, consignees, or owners of the goods shall contribute with the carrier in general average to the payment of any sacrifices, losses, or expenses of a

general average nature that may be made or incurred, and shall pay salvage and special charges incurred in respect of the goods.

If a salving ship is owned or operated by the carrier, salvage shall be paid for as fully as if such salving ship or ships belonged to strangers. Such deposit as the carrier or his agents may deem sufficient to cover the estimated contribution of the goods and any salvage and special charges thereon shall, if required, be made by the goods, shippers, consignees or owners of the goods to the carrier before delivery.

14. Lay-days, if required by Charterers, not to commence before MAY 11, 1955 and should the steamer not be ready for cargo at her loading port on or before MAY 18, 1955, the Charterers or their agents to have the option of cancelling this Charter Party at any time not later than the day of Steamer's readiness.

15. Vessel to have privilege of calling at any port or ports for fuel or other necessary provisions, to tow and assist vessels in distress and to deviate for the purpose of saving life and property.

16. Vessel to haul to a customary berth, or proceed to such anchorage or dock to load and discharge cargo as ordered by consignees. Vessel, however, to lie always afloat, except at such places where it is customary for vessels of similar size to lie safely aground, and any

lighterage necessary to be at risk and expense of the cargo.

17. Any dispute that may arise under this charter shall be settled at New York by arbitration. In case of an arbitration, one arbitrator shall be appointed by the Master, owners, or agents, one arbitrator shall be appointed by the Charterers, and a third arbitrator shall be appointed by the two arbitrators so chosen. The decision of a majority of the arbitrators shall be final and binding.

18. A commission of $2\frac{1}{2}\%$ per cent. of the amount of freight, dead freight and demurrage payable by vessel and/or owners is due on signing of this Charter Party, ship lost or not lost, charter cancelled or uncanceled to A. WILLARD IVERS, INC. whose agents at ports of loading and discharge are to attend ship's business on customary terms.

19. To the true and faithful performance of all and every of the foregoing agreement, we, the said parties, do hereby bind ourselves, our heirs, executors, administrators and assigns, each to the other, in the penal sum of estimated amount of freight.

IN WITNESS WHEREOF, we hereunto set our hands, the day and year first above written.

Witness to the signature of

ATLANTIC and GREAT LAKES STEAMSHIP CORPORATION

BY: "Harold Williams, Pres."

Witness to the signature of

SLATTERY BROTHERS, INC.

"E.L. Kerwin"

BY: Paul A. Slattery, V. Pres."

---EXHIBIT NO. 28: Americanized Welsh Coal Charter Contract.

EXHIBIT NO. 28

WALTER A. DeLAPPE CO.

CHARTERING BROKERS
7 BATTERY PLACE
NEW YORK 4, N.Y.

Whitehall 4-8547

AMERICANIZED WELSH COAL CHARTER

APPROVED BY

ASSOCIATION OF SHIP BROKERS & AGENTS

NEW YORK -- 1953

CONTRACT #4608

New York, October 29, 1954.

IT IS THIS DAY MUTUALLY AGREED, BETWEEN
Isbrandtsen Company, Inc., Timechartered Owner of
the Liberian Steamship "BYLAYL" of Monrovia, built
1916 at Camden, N.J. of 1980 tons net register,
classed 100 A1 in British Lloyds now and
William C. Atwater & Company, Incorporated,
Charterer:

1. That the said Vessel being tight,
staunch and strong, and in every way fitted for the
Voyage, shall, with all possible dispatch, sail
and proceed to Hampton Roads and there load, always
afloat, in the customary manner from the Charterer,
in such Dock as may be ordered by him, a full and
complete Cargo of Coal (estimated to be about 4,200
to 4,300) tons, quantity at Vessel's option, and
not exceeding what she can reasonably stow and carry,
over and above her Tackle, Apparel, Provisions

and Furniture; and being so loaded, shall therewith proceed, with all possible dispatch, to St. John's, Newfoundland or so near thereunto as she can safely get, and there deliver her cargo alongside any Wharf and/or Vessel and/or Craft, as ordered, where she can safely deliver, always afloat, Charterer having the privilege of two discharging berths, time actually used in shifting between berths to count; on being paid freight at the rate of \$3.15 (Three Dollars And Fifteen Cents) U.S. Currency per ton of 2,240 lbs. Owner shall furnish, if required, a Statutory Declaration by the Master and other Officers that all the Cargo received on board has been delivered. The freight is in full of Loading, Dumping and Trimming, and all Port Charges, Pilotages, Agency Fees and Consulages on the Vessel. All Wharfage dues on the Cargo to be paid by the Charterer.

2. At least 7 days' notice of approximate quantity of Cargo required and of Vessel's expected date of arrival at port of loading to be given to Charterer or his Agents.

3. The Cargo to be loaded into Vessel at the average rate of 1500 tons per running day, of twenty-four hours, (excluding Bunkering time, Sundays, Custom House, Colliery, Legal and/or Local Holidays, and from noon on Saturday or the day previous to any such Holiday to 7 a.m. on Monday or the day after any such Holiday, unless used in which event only time actually used in loading

cargo to count) commencing 24 hours after Vessel tenders and is ready to load, unless sooner berthed, whereupon time is to commence and written notice is given of the Vessel's being completely discharged of inward cargo and ballast in all her holds and ready to load, such notice to be given between business hours of 9 a.m. and 5 p.m. or 9 a.m. and 1 p.m. on Saturdays. Any time lost through riots, strikes, lockouts, or any dispute between masters and men, occasioning a stoppage of pitmen, trimmers or other hands connected with the working or delivery of the coal for which the Vessel is stemmed, or by reason of accidents to mines or machinery, obstructions, embargo or delay on the Railway or in the Dock; or by reason of fire, floods, frosts, fogs, storms or any cause whatsoever beyond the control of the Charterer affecting mining, transportation, delivery and/or loading of the Coal, not to be computed as part of the loading time (unless any cargo be actually loaded during such time). In the event of any stoppage or stoppages arising from any of these causes continuing for the period of six running days from the time of the Vessel's being ready to load, this charter shall become null and void; provided, however, that no cargo shall have been shipped on board the Vessel previous to such stoppage or stoppages. In case of partial holiday, or partial stoppage of Colliery, Collieries or Railway from any or either of the aforementioned causes, the lay-days to be extended

proportionately to the diminution of output arising from such partial holiday or stoppage. If longer detained, Charterer to pay \$400.00 U.S. Currency per running day (or pro rata for part thereof) demurrage. If sooner dispatched, Vessel to pay Charterer or his Agents \$200.00 U.S. Currency per day (or pro rata for part thereof) dispatch money for lay time saved. No deduction of time shall be allowed for stoppage, unless due notice be given at the time to the Master or Owner. If any dispute or difference should arise under this Charter, same to be referred to three parties in the City of New York, one to be appointed by each of the parties hereto, the third by the two so chosen, and their decision, or that of any two of them, shall be final and binding, and this Agreement may, for enforcing the same, be made a rule of Court. Said three parties to be commercial men.

4. The Cargo to be loaded, dumped and trimmed by men appointed by the Charterer at the tariff rate of the Port at Vessel's expense.

5. Bunker Coals to be kept properly separated from the Cargo to Charterer's satisfaction at the Vessel's expense and the quantity to be endorsed on the Bills of Lading. If any Cargo is carried in a hold communicating directly with the Stokeholds, the doors to be securely fastened on the Cargo side.

6. The Bills of Lading shall be prepared in accordance with the Dock or Railway weight

and shall be endorsed by the Master, Agent or Owner, weight unknown, freight and all conditions as per this Charter, such Bills of Lading to be signed at the Charterer's or Shipper's Office within twenty-four hours after the Vessel is loaded.

7. The Act of God, the King's Enemies, Restraints of Princes and Rulers, and Perils of the Seas excepted. Also Fire, Barratry of the Master and Crew, Pirates, Collisions, Strandings and Accidents of Navigation, or latent defects in or accidents to, Hull and/or Machinery and/or Boilers always excepted, even when occasioned by the negligence, default or error in judgment of the Pilot, Master, Mariners or other persons employed by the Shipowner, or for whose acts he is responsible, not resulting, however, in any case from want of due diligence by the Owner of the Ship, or by the Ship's Husband or Manager, Charterer not answerable for any negligence, default, or error in judgment of Trimmers or Stevedores employed in loading or discharging the Cargo. The Vessel has liberty to call at any ports in any order, to sail without Pilots, to tow and assist vessels in distress, and to deviate for the purpose of saving life or property, and to bunker. It is also mutually agreed that this shipment is subject to all the terms and provisions of, and all the exemptions from liability contained in, the Act of Congress of the United States, approved on the 13th day of February, 1893, and entitled "An Act relating to Navigation

of Vessels, etc."

8. The Cargo to be taken from alongside by Consignee at Port of Discharge, free of expense and risk to the Vessel, at the average rate of 750 tons per day, weather permitting, Sundays and Holidays and After Noon on Saturdays excepted, provided Vessel can deliver at this rate. If longer detained, Consignee to pay Vessel demurrage at the rate of \$400.00 U.S. Currency per running day (or pro rata for part thereof). If sooner dispatched, Vessel to pay Charterer or his Agents \$200.00 U.S. Currency per day (or pro rata for part thereof) dispatch money for lay time saved. Time to commence twenty-four (24) hours, Sundays and Holidays excepted, after Vessel is ready to unload and written notice given, whether in berth or not, and the time allowable for discharging to be calculated on the basis of the Bill of Lading quantity. In case of strikes, lockouts, civil commotions, or any other causes or accidents beyond the control of the Consignee which prevent or delay the discharging, such time is not to count unless the Vessel is already on demurrage. Consignee to effect the discharge of the Cargo. Free of risk, and expense to the Vessel, Vessel providing only steam.

9. The freight to be prepaid on surrender of signed Ladings in U. S. Currency in N. Y., discountless and non-returnable ship and/or cargo lost or not lost, to Isbrandtsen Co., Inc.

11. In case of Average, the same to be settled according to York/Antwerp Rules, 1950. Should the Vessel put into any port or ports leaky or with damage, the Captain or Owner shall, without delay, inform the Charterer thereof. Captain to telegraph Charterer in case of putting in anywhere.

12. Vessel not to tender before 9 a.m. on November 13, 1954, and if Vessel be not ready at Loading Port as ordered before 9 a.m. on November 20, 1954, or if any wilful misrepresentation be made respecting the size, position or state of the Vessel, Charterer to have the option of cancelling this Charter, such option to be declared on notice of readiness being given.

13. Vessel to be consigned to Charterers' Agents at Port of Loading, and to Charterers' Agents at Port of Discharge, vessel paying customary agency fee.

14. Vessel to have the liberty of dry-docking before commencement of loading under this Charter.

15. All notices under this Charter at Port of Discharge, or for orders, to be given in writing in Consignee's Agents' office on working days between the hours of 9 a.m. and 5 p.m., and 9 a.m. and Noon on Saturdays.

16. All Bills of Lading shall include the following NEW JASON CLAUSE: "In the event of accident, danger, damage or disaster before or after the commencement of the voyage, result-

ing from any cause whatsoever, whether due to negligence or not, for which, or for the consequences of which, the carrier is not responsible, by statute, contract or otherwise, the goods, shippers, consignees or owners of the goods shall contribute with the carrier in general average to the payment of any sacrifices, losses or expenses of a general average nature that may be made or incurred, and shall pay salvage and special charges incurred in respect of the goods. If a salving ship is owned or operated by the carrier, salvage shall be paid for as fully as if such salving ship or ships belonged to strangers. Such deposit as the carrier or his agents may deem sufficient to cover the estimated contribution of the goods, and any salvage and special charges thereon shall, if required, be made by the goods, shippers, consignees or owners of the goods to the carrier before delivery."

17. All Bills of Lading shall include the following "CLAUSE PARAMOUNT": "This Bill of Lading shall have effect subject to the provisions of the Carriage of Goods by Sea Act of the United States, approved April 16th, 1936, which shall be deemed to be incorporated herein, and nothing herein contained shall be deemed a surrender by the Carrier of any of its rights or immunities or an increase of any of its responsibilities or liabilities under said Act. If any terms of this Bill of Lading be repugnant to said Act to any extent, such term shall be void to that extent,

but no further."

18. All Bills of Lading shall include the following BOTH-TO-BLAME COLLISION CLAUSE: "If the ship comes into collision with another ship as a result of the negligence of the other ship and any act, neglect or default of the Master, Mariner, Pilot or the servants of the carrier in the navigation or in the management of the ship, the Owners of the goods carried hereunder will indemnify the carrier against all loss or liability to the other or non-carrying ship or her Owners in so far as such loss or liability represents loss of, or damage to, or any claim whatsoever of the Owners of said goods, paid or payable by the other or non-carrying ship or her Owners to the Owners of said goods and set-off, recouped or recovered by the other non-carrying ship or her Owners as part of their claim against the carrying ship or carrier. The foregoing provisions shall also apply where the Owners, Operators or those in charge of any ship or ships or objects other than, or in addition to, the colliding ships or objects are at fault in respect to a collision or contact."

19. The Charterer's liability shall cease as soon as the cargo is shipped, and Freight, Dead Freight and Demurrage in Loading (if any) are paid, the Owner having a lien on the cargo for Freight, Demurrage and Average.

20. Penalty for non-performance of this Agreement, proved damages, not exceeding the

estimated amount of Freight.

21. A commission of $2\frac{1}{2}$ per cent. on the gross amount of Freight, Dead Freight and Demurrage is due by the Vessel and Owner on shipment of cargo, to WALTER A. DE LAPPE COMPANY.

22. Vessel to have tunnel recess, tunnel & tanktops in way of hatches efficiently protected by wooden ceiling or to relive receivers of liability for damage done by grab discharge through not having such covering.

The War Clauses #1 & #2, and the P. & I. Bunkering Clause, Attached, to be considered a part of this Charter Party, as though fully incorporated herein.

WILLIAM C. ATWATER & CO. INC.

By W. E. Henry, Export Manager.

ISBRANDTSEN COMPANY, INC.

Time Chartered Owner

Jakob Isbrandtsen - President

WALTER A. DE LAPPE COMPANYPROTECTION AND INDEMNITY BUNKERING CLAUSE

The vessel in addition to all other liberties, shall have liberty as part of the contract voyage and at any stage thereof to proceed to any port or ports whatsoever whether such ports are on or off the direct and/or customary route or routes to the ports of loading or discharge named in the Charter and there take oil bunkers in any quantity in the discretion of Owners even to the full capacity of fuel tanks, deeptanks and any other compartment in which oil can be carried, whether such amount is or is not required for the chartered voyage.

WAR RISK CLAUSES

1. "No Bills of Lading to be signed for any blockaded port and if the port of discharge be declared blockaded after Bills of Lading have been signed, or if the port to which the ship has been ordered to discharge, either on signing Bills of Lading or thereafter, be one to which the ship is or shall be prohibited from going by the Government of the Nation under whose flag the ship sails or by any other Government, the Owner shall discharge the cargo at any other port covered by this Charter Party, as ordered by the Charterers (provided such other port is not a blockaded or prohibited port as above mentioned) and shall be entitled to

freight as if the ship had discharged at the port or ports of discharge to which she was originally ordered.

2. The ship shall have liberty to comply with any orders or directions as to departure, arrival, routes, ports of call, stoppages, destination, and delivery or otherwise howsoever given by the Government of the Nation under whose flag the vessel sails or any department thereof or of any person acting or purporting to act with the authority of such Government or of any department thereof, or by any committee or person having under the terms of the War Risks Insurance on the ship, the right to give such orders or such directions and if by reason of and in compliance with, any such orders or such directions, anything is done or is not done, the ship shall have liberty to comply with the same shall not be deemed a deviation, any orders or directions as to departure, arrival, and delivery in accordance with such orders or directions shall be a fulfillment of the contract voyage and the freight shall be payable accordingly."

---EXHIBIT NO. 29: British Commonwealth Merchant Shipping Agreement.

EXHIBIT NO. 29

BRITISH COMMONWEALTH

MERCHANT SHIPPING AGREEMENT

Signed at London on 10th December, 1931

His Majesty's Governments in the United Kingdom of Great Britain and Northern Ireland, Canada, the Commonwealth of Australia, New Zealand, the Union of South Africa, the Irish Free State and Newfoundland, having considered the report of the Conference on the Operation of Dominion Legislation and Merchant Shipping Legislation, 1929, undertake to propose any necessary legislation and take such other steps as may be required for the purpose of giving full effect to the provisions of the present Agreement with regard to Merchant Shipping.

Part I. -- Common Status.

Part II. -- Standards of Safety.

Part III. -- Extra-territorial Operation of Laws.

Part IV. -- Equal Treatment.

Part V. -- Ships' Articles, Internal Discipline, and Engagement and Discharge of Seamen.

Part VI. -- Certificates of Officers.

Part VII. -- Shipping Enquiries.

Part VIII. -- Relief and Repatriation of Seamen; Wages and Effects of deceased Seamen.

Part IX. -- Offences on Board Ship.

Part X. -- General.

Article 1. -- In this agreement, unless the context otherwise requires, the following expression has the meaning hereby assigned to it, that is to say:--

"Part of the Commonwealth" means any Part of the British Commonwealth of Nations the Government of which is a party to this Agreement.

PART I

Common Status

Common Qualifications

Article 2.-- (1) No ship shall be registered in any port within the British Commonwealth so as to acquire the status and recognition mentioned in paragraph (2) of this Article unless it is owned' wholly by persons of the following description, namely:--

(a) Persons recognized by law throughout the British Commonwealth of Nations as having the status of natural born British subjects;

(b) Persons naturalized by or in pursuance of the law of some part of the British Commonwealth;

(c) Persons made denizens by letters of denization; and

(d) Bodies corporate established under and subject to the law of some part

of the British Commonwealth and having their principal place of business within the British Commonwealth.

(2) Every ship so owned and duly registered within the British Commonwealth shall possess a common status for all purposes and shall be entitled to the recognition usually accorded to British ships.

REGISTRY

Article 3.-- The laws, regulations, forms and procedure relating to the matters following, that is to say:--

Obligation to Register;

Certificate of Registry;

Transfer and Transmissions;

Mortgages;

Certificates of Mortgage and Sale;

Name of Ship;

Registry of Alterations, Registry Anew, and

Transfer of Registry;

Incapacitated Persons;

Trusts and Equitable Rights;

Liability of Beneficial Owner;

Managing Owner;

Declarations, Inspection of Register and Fees;

Returns, Evidence and Forms;

Forgery and False Declarations;

Measurement of Ship and Tonnage;

shall be substantially the same throughout the British Commonwealth and so far as possible be

based on Part I of the Merchant Shipping Act, 1894.

Article 4.-- In order that there may be a complete list of ships registered in all parts of the British Commonwealth for statistical purposes, particulars (such as the name of the ship, the registered number, the port to which she belongs, the name of the registered owner, and the tonnage) relating to all ships registered at their ports, will be forwarded by the Administration of each Part of the Commonwealth at convenient intervals to the Registrar General of Shipping and Seamen in London. Copies of the complete list shall be forwarded annually to the administration of each Part of the Commonwealth.

NATIONAL COLOURS

Article 5.-- It being recognized that the proper national colours for all ships registered in any Part of the Commonwealth shall be such as may be determined by the Government of that Part, each Part of the Commonwealth undertakes to prohibit under penalty (a) the use by ships registered in that Part of any national colours other than those determined for those ships; (b) the hoisting on board any ship registered in that Part of colours proper to a ship of war or resembling any of those colours, without proper warrant.

PART II

STANDARDS OF SAFETY

Article 6.-- While each Part of the Commonwealth will from time to time determine the standards with which its ships shall be required to comply in all matters relating to safety, every endeavour will be made to preserve uniformity and to maintain the standards at present in force.

Article 7.-- Each Government which proposes to make an alteration of substance in these standards will give as long notice as practicable to the other Governments of the proposed alteration and of the reasons for it.

Article 8.-- Subject to the provisions of Part IV, nothing in this Agreement affects the right of each Part to apply to any ship trading to its ports its regulations regarding the safety of ships, their crews and passengers, except in so far as the ship complies with regulations accepted by the Part as equivalent to its own regulations.

PART III

EXTRA-TERRITORIAL OPERATION OF LAWS

Article 9.-- Save as otherwise specially provided in this Agreement, the laws relating to merchant shipping in force in one Part of the Commonwealth shall not be made to apply with

extra-territorial effect to ships registered in another Part unless the consent of that other Part of the Commonwealth has been previously obtained:--

Provided that nothing contained in this Article shall be deemed to restrict the power of each Part of the Commonwealth to regulate the coasting trade, sea fisheries and fishing industry of that Part.

PART IV

EQUAL TREATMENT

Article 10.-- Each Part of the British Commonwealth agrees to grant access to its ports to all ships registered in the British Commonwealth on equal terms and undertakes that no laws or regulations relating to seagoing ships at any time in force in that Part shall apply more favourably to ships registered in that Part, or to the ships of any foreign country, than they apply to any ship registered in any other Part of the Commonwealth.

Article 11.-- While each Part of the British Commonwealth may regulate its own coasting trade, it is agreed that any laws or regulations from time to time in force for that purpose shall treat all ships registered in the British Commonwealth in exactly the same manner as ships registered in that Part, and not less favourably in any respect than ships of any foreign country.

Article 12.-- Nothing in the present Agreement shall be deemed --

(i) to derogate from the right of every Part of the Commonwealth to impose customs tariff duties on ships built outside that Part; or

(ii) to restrict the right of the Government of each Part of the Commonwealth to give financial assistance to ships registered in that Part or its right to regulate the sea fisheries of that Part.

PART V

SHIPS' ARTICLES

Internal Discipline and Engagement and Discharge of Seamen.

Article 13.-- The form and contents of ships' articles if first opened in a Part of the Commonwealth, shall be those prescribed by the law of that Part, and if first opened elsewhere than within the British Commonwealth, shall be those prescribed by the law of the Part in which the ship is registered.

Article 14.-- The powers and duties with respect to discipline on board a ship registered within the British Commonwealth shall, in so far as they are not derived from the ship's articles, be those made and provided by the laws and regulations in force in the Part of the Common-

Article 13.-- The form and contents of ship-
regulations in force in the Part of the Common-
wealth shall be those prescribed by the law of the Part in which the
ship is first opened in a Part of the Common-
wealth, and if first opened elsewhere than
within the British Commonwealth, shall be those
prescribed by the law of the Part in which the
ship is first opened.

Article 14.-- The powers and duties with
respect to discipline on board a ship registered
within the British Commonwealth shall, in so far
as they are not derived from the ship's articles,
be those made and provided by the law and
regulations in force in the Part of the Common-
wealth in which the ship is first opened.

Article 15.-- The powers and duties with
respect to discipline on board a ship registered
within the British Commonwealth shall, in so far
as they are not derived from the ship's articles,
be those made and provided by the law and
regulations in force in the Part of the Common-
wealth in which the ship is first opened.

Article 16.-- The powers and duties with
respect to discipline on board a ship registered
within the British Commonwealth shall, in so far
as they are not derived from the ship's articles,
be those made and provided by the law and
regulations in force in the Part of the Common-
wealth in which the ship is first opened.

Article 17.-- The powers and duties with
respect to discipline on board a ship registered
within the British Commonwealth shall, in so far
as they are not derived from the ship's articles,
be those made and provided by the law and
regulations in force in the Part of the Common-
wealth in which the ship is first opened.

Article 18.-- The powers and duties with
respect to discipline on board a ship registered
within the British Commonwealth shall, in so far
as they are not derived from the ship's articles,
be those made and provided by the law and
regulations in force in the Part of the Common-
wealth in which the ship is first opened.

wealth in which the ship is registered.

Provided that if and so long as a ship, registered in one Part of the Commonwealth, is engaged wholly or mainly in the coasting trade of another Part, the powers and duties with respect to such discipline may be those made and provided by the laws and regulations in force in that other Part.

Provided also that in the case of a ship which is trading from a Part of the Commonwealth in which the principal place of business of her owners is situated, and not trading to the Part of the Commonwealth in which she is registered, the powers and duties with respect to such discipline may be those made and provided by the laws and regulations in force in the former Part.

Article 15.-- Provision shall be made by law in each Part of the Commonwealth that whenever a seaman or apprentice deserts in that Part from a ship registered in another Part, any Court exercising summary jurisdiction in the Part in which the seamen or apprentice has deserted, and any Justice or Officer of such Court shall, on the application of the master of the ship, aid in apprehending the deserter, and, for that purpose may, on information given on oath, issue a warrant for his apprehension, and on proof of the desertion, order him to be conveyed on board his ship or delivered to the master or mate of his ship, or

to the owner of the ship or his agent, to be so conveyed.

PART VI

CERTIFICATES OF OFFICERS

Article 16.-- The standards of qualification to be required of applicants for certificates of competency and of service shall so far as possible be equal and alike throughout the British Commonwealth, and shall not be lower than those at present established.

Article 17.-- Subject to any special provisions that may be made by any Part of the Commonwealth as to the qualifications to be required of officers on ships engaged in its coasting trade, a valid certificate of competency or service granted by one Part of the Commonwealth will be recognised throughout the British Commonwealth as indicating that the holder is duly qualified accordingly when serving on board any ship registered in that Part.

PART VII

Shipping Enquiries

Article 18.-- The Government of each Part of the Commonwealth agrees to assist the Govern-

ments of the other Parts by providing for officers to hold preliminary enquiries (including the taking of depositions) into casualties to ships registered in such other Parts.

Article 19.-- No Government of any Part of the Commonwealth will cause a formal investigation to be held into a casualty occurring to a ship registered in another Part save at the request or with the consent of the Government of that Part in which the ship is registered.

Provided that this restriction shall not apply when a casualty occurs on or near the coasts of a Part of the Commonwealth or whilst the ship is wholly engaged in the coasting trade of a Part of the Commonwealth.

Article 20.-- In all Parts of the Commonwealth the laws and regulations relating to the matters following, namely:--

Constitution of Courts having jurisdiction to hold formal investigations;

Holding of such Courts with the assistance of Assessors;

Classification of Assessors according to their qualifications;

Selection of Assessors according to the nature of the questions to be raised;

Notice of investigation and the service thereof;

Opportunity to be given to any person whose conduct may be impugned of making a defence;

THE
GOVERNMENT
OF THE
UNITED STATES
OF AMERICA

DEPARTMENT OF THE
TREASURY
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Procedure on the hearing;

Rehearings and Appeals;

shall be, so far as possible, alike, and shall be based upon the provisions relating to formal investigations contained in Part VI of the Merchant Shipping Act, 1894, and the Shipping Casualties and Appeals and Rehearings Rules, 1923, made pursuant thereto.

Provided that

(1) the Administration of that Part of the Commonwealth in which a formal investigation is held shall alone be competent to order a rehearing thereof;

(2) an appeal from a decision of a Court of formal investigation shall lie to a Court in the Part of the Commonwealth in which the formal investigation was held and that Court shall be similar in its constitution and jurisdiction to a Divisional Court of Admiralty in England;

(3) a Court of formal investigation shall be empowered to cancel or suspend a certificate of competency or service granted by the Administration of another Part of the Commonwealth so only as to effect its validity within the jurisdiction of the Part in which the investigation is held, but the Administration by which the certificate was granted may adopt such cancellation or suspension.

Article 21.-- Provisions shall be in force in each Part of the Commonwealth similar, so far as possible, to those contained in Part VI of the Merchant Shipping Act, 1894, relating to the special enquiry that may be held when there is reason to believe that any master, mate, or certificated engineer is from incompetency or misconduct unfit to discharge his duties.

Provided that the power of a Court holding such enquiry to cancel or suspend a certificate of competency or service granted by a Part of the Commonwealth other than that in which the enquiry is held shall be similar to the power of a Court of formal investigation under the last preceding Article.

PART VIII

RELIEF AND REPATRIATION OF SEAMEN

WAGES AND EFFECTS OF DECEASED SEAMEN

Article 22.-- A scheme shall be drawn up to which each Part of the Commonwealth shall give legislative effect, under which provision shall be made:--

(a) for the relief and repatriation of seamen belonging to any Part of the Commonwealth who may be found in distress or left behind in any other Part or in

places abroad, and for defraying the expenses;

(b) for payment of the expenses of medical attendance, maintenance, burial and repatriation in case of injury or illness of seamen;

(c) for dealing with the effects and wages of seamen who are left behind or die in a port outside the Part of the Commonwealth to which they belong;

(d) for the recovery from the owner of the ship in proper cases of any expenses incurred by the Administration of any Part of the Commonwealth in the matters referred to in paragraphs (a) and (b).

PART IX

OFFENCES ON BOARD SHIP

Article 23.-- Reciprocal arrangements shall be made for conferring jurisdiction on the lines of Section 686 of the Merchant Shipping Act, 1894, with respect to offences committed on board ships registered in any Part of the Commonwealth.

PART X

GENERAL

Article 24.-- The present Agreement shall

come into operation on the tenth day of December, 1931, and shall continue in full force for a period of five years and thereafter until the Government of any Part of the Commonwealth gives notice of intention to withdraw therefrom or from any Article thereof. A notice of withdrawal, if sent to the Governments of every other Part of the Commonwealth, shall take effect as regards the Part giving the notice to the extent therein specified at the expiration of twelve months from the date of its despatch, but shall not otherwise affect the continuance in full force of the present Agreement.

Article 25.-- The present Agreement may be varied at any time during the continuance thereof by common accord. Proposals for variation shall be sent by the Government of the Part proposing the variation, to the Government of the United Kingdom, to be circulated to the Governments of the other Parts of the Commonwealth, who will consider the proposals and endeavour to agree upon the acceptance of the variation with or without amendment. If a common accord is reached with respect to any proposed variation the present Agreement shall be varied accordingly.

Article 26.-- A conference to consider any matter the subject of the present Agreement or any other matter relating to Merchant Shipping which the Government of any Part of the Commonwealth considers to be of common interest, may be called at any time at the instance of the Governments

of any three parts of the Commonwealth.

Article 27.-- This Agreement shall apply to all territories administered under the authority of the Government of any Part of the Commonwealth and to ships registered there, or in any foreign port of registry, and fulfilling the requirements as to ownership set out in Article 2(1).

Signed at London this tenth day of December, 1931.

On behalf of

His Majesty's Government
in the United Kingdom of
Great Britain and Northern
Ireland --

J. H. THOMAS

His Majesty's Government
in Canada --

G. H. FERGUSON

His Majesty's Government
in the Commonwealth of
Australia --

GRANVILLE RYRIE

His Majesty's Government
in New Zealand

T. M. WILFORD

His Majesty's Government
in the Union of South
Africa --

C. T. te WATER.

His Majesty's Government
in the Irish Free State --

JOHN W. DULANTY

His Majesty's Government
in Newfoundland --

MORRIS

---(Proclamation dated March 20th, 1931, which appears on back of last page of this exhibit, has not been copied.)

--- EXHIBIT NO. 30: Supplementary brief.

EXHIBIT 30

SUPPLEMENTARY BRIEF
COMMITTEE ON NFLD. COASTAL SHIPPING

INTRODUCTION

The Committee on Newfoundland Coastal Shipping wishes, in the light of new evidence which has been submitted to the Commission since our original Brief was filed, to bring to the attention of the Royal Commission for consideration, certain information in respect to the following matters:-

- (1) Extension of application of the
Transport Act.
- (2) Buoy boat for the Newfoundland area.
- (3) Wages in the Newfoundland Coastal Trade.

In giving thought to these further facts, it would be well to remember again Newfoundland's particular and peculiar position in as much as that factor has an important bearing on the matters discussed in this Supplementary Brief. As emphasized in our original Brief, Newfoundland is an Island with its population thinly spread along its coastlines. Since, in general, there are no roads connecting literally hundreds of the smaller settlements, these places are consequently inaccessible except by water. This isolation presents great difficulties, especially in view of the fact that nearly all consumer goods and commodities have to be brought into these places. It is in this important transport and distribution of commodities that the Newfoundland coastal vessel

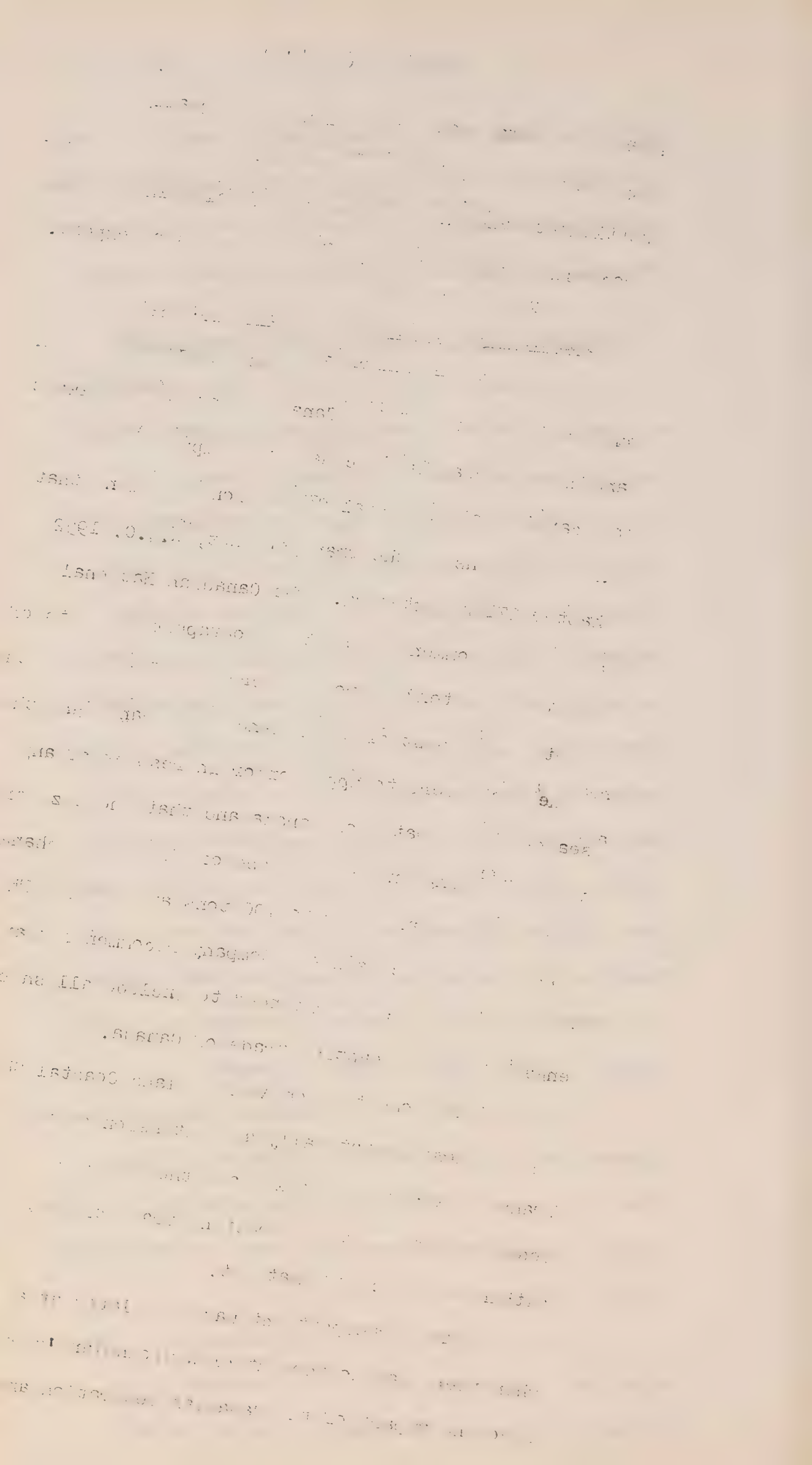
plays its vital role, as well as the equally important part in the distribution of salt to fishing settlements and in the movement of saltbulk fish to processing points and dry fish to points of export.

EXTENSION OF APPLICATION OF THE TRANSPORT ACT

In Briefs submitted to the Royal Commission on Coasting Trade by the Canadian National Railways and the Canadian Pacific Railway Company it is advocated that the Royal Commission recommend that the provisions of the Transport Act, R.S.C. 1952 Chapter 271 be extended. The Canadian National Railways recommends that the geographical limits of the Act be extended from its present area within the Great Lakes, west of the Island of Orleans, and the MacKenzie River, to apply on or in respect of any sea or inland water of Canada and that the size of vessels coming under the scope of the Act be changed from 500 tons and over to 100 tons and over. The Canadian Pacific Railway Company recommends that the Transport Act be extended to include all ships engaged in the coasting trade of Canada.

The Committee on Newfoundland Coastal Shipping opposes most emphatically any extension of the Transport Act which would have the effect of bringing vessels engaged in the coasting trade of Newfoundland within the scope of that Act.

The Transport Act was legislated at a time when there was no thought of Newfoundland's ever becoming a part of the Canadian Federation and .



consequently in drafting the Act no thought was given to the suitability or otherwise of the Act to the special problems which exist in regard to the coasting trade of this Province. It would therefore be most unfair to attempt at this time to force the Act to fit the circumstances existing here, circumstances which the drafters of the Act could never have envisaged. The principle of the Act is totally inappropriate to Newfoundland conditions and consequently the Act could never be applied satisfactorily to the Newfoundland coastal trade.

In considering this problem, the following aspects should be considered:-

- (1) The Transport Act is used to equalize conditions of competition where several mediums of transport are available (e.g. rail, road and water). In Newfoundland, where the majority of the towns and villages are dotted along the coastline and are not served by road and rail communication, a very large part of the country is consequently dependent entirely on sea transportation for the carriage of necessary goods and commodities.
- (2) The Newfoundland coasting fleet has been developed on lines entirely different from the rest of Canada. There, in general, large maritime companies operate steamship lines on regular runs and this type of operation is more readily suitable to regulation. In the Province of Newfoundland, there are 214

vessels engaged in the coastal trade, largely singly owned and generally owner operated, being for the most part vessels built to operate in the numerous shallow draft harbours to be found around the coast of Newfoundland, harbours which would be inaccessible to larger craft. It would appear to the Committee that from a practical point of view the problems to be faced if an attempt were made to bring the Newfoundland coasting fleet within the framework of the Transport Act would be insurmountable and would render the application of the Act impossible.

- (3) Unlike the rest of Canadian shipping, which in general operates in a particular trade, Newfoundland vessels carry different types of cargo in different seasons of the year. For example, a typical Newfoundland coasting vessel will probably be engaged in carrying and distributing bulk salt cargoes to fishing settlements in the spring, might then engage in distributing other necessary fishery supplies, then spend some time freighting general cargo in all manner of package freight, followed by a number of trips freighting lumber, and finally in the fall, collect and freight to export points cargoes of saltbulk fish or dried fish. In view of such varied operations, which is the normal routine, it would be impossible for these

vessels to establish and abide by a tariff of rates, and carrying different types of cargo at different times would make licensing difficult.

- (4) The great strength of the Newfoundland coasting fleet lies in its flexibility as to the types of cargo which can be carried and the areas in which it can operate. Shallow draft harbours necessitate the use of small vessels, but, as a consequence of such smallness and the resulting limited carrying capacity, the economic operation of these vessels is usually a very difficult matter to effect. Consequently, if these vessels are to operate economically they must continue to enjoy the flexibility of operation referred to above, a flexibility which will permit them to operate in any area where the need for their services exists and to carry any type of cargo offered. If such vessels come under the Board of Transport Commissioners, the regulations which would consequently be imposed, fixing routes and tariffs, etc., would destroy this flexibility and would undoubtedly force present operators out of business. The effect of this on the economy would be extremely serious, since as has been shown in the main Brief presented by our Committee, the coasting fleet of Newfoundland plays a vital part in the

distribution of goods and commodities in and around the Province of Newfoundland and the existing services provided by the Canadian National Railways Marine Service in this Province would in such an event be totally inadequate to meet the barest essential traffic. This can readily be seen when it is appreciated that the C.N.R. Newfoundland Marine Services carried 41,424 tons of cargo in the 1953-54 season in the Newfoundland coastal trade, whereas for the same period the Newfoundland coasting fleet carried considerably in excess of 338,887 tons.

On Page 11 in its Brief to the Royal Commission, the Canadian National Railways argues, in part, as follows:

"The reasons which caused the so-called
"'package freighters' on the Great Lakes
"to be brought under the Board's control
"apply equally well in the case of any
"vessel similarly engaged in any other
"area or segment of the Canadian Coasting
"trade. The point is not only one of
"equality and consistency within the
"coasting industry, but also as between
"rail and water carriers."

The Committee on Newfoundland Coastal Shipping realizes the desirability of having equality and consistency within the coasting industry, but, disagrees with the notion that such equality and

consistency could be achieved, so far as the Newfoundland coasting trade is concerned, by bringing the Transport Act into effect in this province. It disagrees for the reasons that so far as competition between the Canadian National Railways Marine Services and the rest of the Newfoundland coastal fleet is concerned a great number of inconsistencies exist, inconsistencies which make it imperative that no attempt ever be made to force these two fleets to operate within the same general framework of regulations. The reasons, inter alia, are as follows:

- (1) The Newfoundland coastal fleet is engaged solely in the transportation of freight. The vessels operated by the Canadian National Railways in Newfoundland serve a three fold function - they carry passengers, mail, and freight.
- (2) The C.N.R. coastal vessels will not carry bulk cargoes and consequently the important task of carrying salt to the fishermen in the spring and taking their fish to points of export in the autumn falls entirely upon our small coastal vessels.
- (3) The Newfoundland coastal vessels perform services which no scheduled company, such as the C.N.R., would ever do, for example, a vessel carrying a cargo of bulk salt will wait in a harbour until it is convenient for fishing boats requiring the salt to come alongside and discharge it. It is often necessary

for such vessels to wait a considerable amount of time if they should happen to arrive at a port when the "fish are in" and they consequently await the convenience of the fishermen to unload their cargo. Likewise in the autumn it is often necessary for the coaster engaged in collecting cargoes of fish to wait a considerable period of time in various ports while the fish is accumulated and brought onboard. Similarly, delays are caused in loading or discharging fish when bad weather occurs. It is interesting to note in passing that in general no demurrage charges are made by Newfoundland coasting vessels for such delays.

(4) All vessels engaged in the coasting trade of Newfoundland are required to pay wharf charges when docking at any Government wharf, and such charges in the run of a year represent a considerable outlay to the average coasting vessel, but since the C.N.R. claims that its vessels are Government owned they do not pay such wharf charges. Likewise, if a Newfoundland coasting vessel is discharging at a Government wharf and a C.N.R. vessel comes into that port, the coasting vessel is required to leave the wharf forthwith to make way for the C.N.R. vessels which consequently enjoy a priority for loading and unloading over the other vessels engaged in

the coasting trade of this Province.

A detailed examination of the circumstances effecting the coasting trade in this country will show that between the C.N.R. marine Services and the Newfoundland coasting vessels there is little basis upon which these vessels could practically operate within the same framework of operations. The types of vessels are different, they perform different services, their operations are based on entirely different economic considerations, for example, C.N.R. boats operate on a fixed schedule calling at a designated number of ports. The C.N.R. is loathe to increase the number of its ports of call on the ground that since its passenger tariff has been established on a mileage basis, that each new port of call would mean a revision of its fare structure. Another point to bear in mind is that the freight service offered by the C.N.R. to a consignee who does not live in a C.N.R. port of call is at best a service of bringing his freight to the nearest port of call only, which in many parts of Newfoundland may be a considerable distance from his home port, and in the absence of roads the commodities must then be trans-shipped by smaller vessels. The Newfoundland coasting fleet on the other hand is in a position to offer direct freight services to practically every port in the country because of its flexibility in operation.

In summary, as now in force the Transport Act of Canada is limited as to geographical application and as to tonnage range. So far as the

Committee on Newfoundland Coastal Shipping is concerned the reasons which prompted these restrictions of the Act are still valid and the Committee can see no reason for any extension at this time. It therefore wishes to record its opposition to the recommendation that the Transport Act be amended in any way which would bring the coasting fleet of this Province within its scope.

BUOY BOAT

On Page 17 of its main brief this Committee made a strong recommendation regarding the urgent need for a special buoy boat to serve the Department of Transport in this Province in servicing and maintaining its aids to navigation.

Consequently, the Committee was considerably disappointed to read the following Canadian Press dispatch as printed in the St. John's Daily News on July 21st, 1955:-

"OTTAWA (CP) - Building of a new transport
"department ship for the Newfoundland area
"has been deferred because of the sinking
"last winter of the government ice-breaker
"Lady Grey.

" Transport Minister Marler said in
"the Commons Wednesday funds originally
"intended for the Newfoundland ship are
"being diverted to provide a replacement
"for the Lady Grey, which sank while
"breaking ice for the Quebec-Levis ferry

"on the St. Lawrence river".

The Committee on Newfoundland Coastal Shipping then requested the Honourable the Minister of Transport to confirm or deny the Canadian Press report and received in reply the following telegram:-

"SUPPLY VESSEL FOR STJOHNS AGENCY HAD BEEN
"INCLUDED IN OUR PLANNED PROGRAMME OF SHIP-
"BUILDING CONSTRUCTION BUT NO CONTRACT HAD
"BEEN AWARDED STOP FEEL SURE YOU WILL
"RECOGNIZE THAT SERIOUS LOSS TO ICE BREAKER
"FLEET FOLLOWING SINKING OF LADY GREY REQUIRED
"IMMEDIATE ACTION TOWARDS REPLACEMENT SINCE
"SERIOUS SITUATION WOULD OTHERWISE RESULT
"IN ST LAWRENCE RIVER AREA DURING WINTER
"STOP I CAN ASSURE YOU HOWEVER THAT IT IS
"STILL DEPARTMENTAL INTENTION TO SUPPLY NEW
"SUPPLY VESSEL FOR ST JOHNS AGENCY".

The Committee wishes to record its great disappointment in this matter and disapproval of this diversion of funds, especially since it would appear that funds which actually had been appropriated for this purpose have now been transferred to another completely unrelated project. The Department of Transport has other ice-breakers available for service in the St. Lawrence River. It appears to the Committee to be important to provide a buoy boat for Newfoundland for the purpose of placing and maintaining aids to navigation since safety to life at sea is very dependent on the availability of such aids. There would appear to be little reason why the buoy boat

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could not be constructed as planned and other funds made available for the replacement of the ice-breaker on the St. Lawrence. The Lady Grey was 49 years old and if she had outlived her usefulness or had weakened to the point that she eventually became lost advance plans should have been made for her replacement but not to the exclusion of some other project of vital importance in another Province. The urgent need of providing the Department of Transport in this Province with a boat for its navigational services must again be emphasized with the request that a strong recommendation be made for the immediate laying down of such a vessel.

WAGES

In a Brief to the Royal Commission on Coasting Trade, the Canadian Congress of Labour devotes a section to what it terms "Unfair Competition on the Atlantic Coast" (Submissions to the Royal Commission, Volume II, B-75, page 6). The point is put forward that the Canadian National Railway Marine Services in Newfoundland are faced with unfair competition by reason of the fact that whereas C.N.R. personnel are organized by the Canadian Brotherhood of Railway Employees and Other Transport Workers, other vessels operating in the Newfoundland coasting trade are not union organized. The C.N.R. uses this as a reason to the Canadian Congress of Labour why it cannot pay higher wages on its coastal ships in the Newfoundland service. The Canadian Congress of

Labour admits that the proper way to handle this problem, as they consider it, is to organize the Newfoundland coasting vessels, but as they say this cannot be done, they ask that minimum wages regulations be introduced to lessen this aspect of competition against C.N.R. Marine Services in this Province.

In this connection the following facts must be borne in mind: -

- (1) The C.N.R. should not consider itself as being in competition with the Newfoundland coastal trade. The Railway and its Marine Services in this Province are actually owned by the Federal Government and operated under contract for the Federal Government by the C.N.R. The Terms of Union guarantee that this service will be maintained and it should be emphasized that it is a service to Newfoundland, not necessarily a profit making venture.
- (2) That, in fact, there is no competition between the C.N.R. Marine Services and the Newfoundland Coasting Trade, for reasons which have been set out fully in that section of our Supplementary Brief dealing with the extension of the Transport Act. As is there shown, the C.N.R. is unable or unwilling to perform a great many services provided by the coasting vessels, especially in connection with the carriage of bulk cargo such as salt, fish,

lumber, sand and gravel. It has also been emphasized that the coasting vessels will call wherever needed with freight but the C.N.R. will only bring its freight to a scheduled port. The three fold function of the C.N.R. Vessels as passenger and mail carriers as well as freight carriers should again be emphasized. It is submitted that this three fold function makes their type of operation one which is entirely different from the all-freight functions of the coastal traders.

- (3) Competitionwise, there are a number of factors which are distinctly in favour of the C.N.R. We have already mentioned the fact that the C.N.R. does not pay wharf rates and we would add to that factor the point that freight carried by C.N.R. is assembled in sheds and can be quickly loaded, whereas for most coasting vessels there are no shed facilities where freight can be gathered and consequently the vessels must wait for some considerable period while the freight is brought them by the individual shippers.

With regard to wages on Newfoundland coasting vessels, it should be pointed out that many Newfoundland vessels operate on a share basis with members of the crew participating in the profits of the season's work up to a given percentage.

Appropriate wages for persons engaged in the

coasting trade are governed by the following factors:-

- (1) Qualifications.
- (2) Responsibility assumed.
- (3) Tonnage of vessels.

In its Brief, the Canadian Congress of Labour has not taken these factors into consideration in presenting its recommendation. The fact is not recognized that the average C.N.R. steamer is a ship of 1501 tons and the average C.N.R. Motor Vessel 309 tons, whereas only 86 of the 214 Newfoundland coasters are over 90 tons. Further, we would suggest that a higher wage scale is more appropriate to C.N.R. vessels in as much as these vessels carry passengers and mail as well as freight.

The C.C.L. Brief implies that the C.N.R. pays a standard wage scale on all its ships. This is not so, as the attached summary of wages paid by the C.N.R. will show that different scales of wages apply according to the tonnage of the ships concerned. The attached summary shows wages paid by the C.N.R. and average wages paid on other coasting vessels and it is submitted that a disparity between these scales is not out of line for the reasons given above, especially for the reasons of smaller tonnage, lesser qualification and less responsibility for the safety of passengers' lives etc. With regard to wages paid to engineers it should be understood that whereas a considerable amount of machinery is carried on the C.N.R. vessels, very little machinery in comparison is used on coasting vessels and consequently the demand for

skilled engineering staff is not so great.

In summary the Committee on Newfoundland Coastal Shipping contends that having regard to all the factors the scale of wages paid by the C.N.R. and other Newfoundland vessels is not unreasonably differentiated, and further, that such wage differences are not such important factors in competition as the C.N.R. represents them to be, bearing in mind the differences in the types of services provided. Finally, the Committee feels that the wages now being paid in the coastal trade of Newfoundland are in keeping with the general overall economic picture existing in the trade and that if general wage increases were affected by means of legislation, it would certainly be necessary to subsidize coasting operations if the Newfoundland coasting fleet is to be maintained.

Exhibit 30 - p. 17

Legend

O. Oil Burners
C. Coal Burners
MV. Motor Vessel

CANADIAN NATIONAL RAILWAY OPERATED STEAMSHIPS
IN VARIOUS TONNAGE GROUPS

AND
WAGES OF UNORGANIZED CREWS REPORTED BY THE
CANADIAN CONGRESS OF LABOUR

WAGES OF THE TYPICAL OR REPRESENTATIVE NEWFOUNDLAND COASTING VESSEL

	CANADIAN NATIONAL RAILWAY OPERATED STEAMERS FOR CANADIAN GOVERNMENT (MINISTER OF TRANSPORT)				CANADIAN CONGRESS LABOUR				TYPICAL REFERENCE NEWFOUNDLAND CO.	
	Gross Tons	Gross Tons	Gross Tons	Gross Tons	Unorganized Vessels	Wages	Unorganized Vessels	Wages		
O. Cabot Strait	2045	C. Briggs 2875	O. Bar Haven 1138	MV. Clarendville 322	C.N.R. Chart-ered	High-est	Low-est	Average Wage		
O. Baccalieu	1421	O. Random 1792	O. Springdale 1138	MV. Codroy						
O. Burgeo	1421.		C. Glenco 767	MV. Burin						
O. Kyle	1055			M.V. Henry W. Stone						
O. Northern Ranger	1365									
Master	441.00	441.00	420.00	350.00	150.00	251.00	125.00	145.00		
Chief Mate	315.00	315.00	315.00	283.50						
2nd Mate	283.50	283.50	283.50	-						
3rd Mate	262.50	262.50	262.50	-	120.00	201.00	100.00 to 155.00	120.00		
Seaman (9)	189.00	(9) 189.00	(9) 189.00	(4) 189.00						
Chief Engineer	383.25	383.25	383.25	283.50	180.00	330.00	140.00	160.00		
2nd Engineer	315.00	315.00	315.00	244.65	120.00	251.00		125.00		
3rd Engineer	283.50	283.50	283.50	-						
4th Engineer	262.50	262.50	262.50	-						

(Continued)

Exhibit 30 - p. 18

O. Cabot Strait	C. Briggs	O. Bar Haven	MV. Clarenville	CANADIAN CONGRESS	TYPICAL REPRESENT
O. Baccalieu	O. Ransom	O. Springdale	MV. Codroy	LABOUR	NEWFOUNDLAND CO.
O. Burgeo		C. Glenco	MV. Burin	Unorganized Vessels	
O. Kyle			MV. Henry W. Stone	Wages	
O. Northern Ranger				C.N.R.	
				Chart-	
				ered	
				High-	
				est	
				Low-	
				est	
Oiler (3)	(3)	199.50	-		
Fireman (3)	(6)	194.25	-		
Chief Steward		287.50	207.70		
2nd Steward		207.90	-		
Asst. Steward (7)		183.75	-		
Stewardess		150.45	-		
Chief Cook		231.00	207.90		135.00
2nd Cook		168.00	-		
Asst. Purser		253.05	-		
Messboy		152.25	152.25		
Bosun		199.50	199.50		
				190.00	215.00
					130.00 to
					150.00
					130.00
Purser and					
Wireless O		296.10	259.35		
Trimmers					
(Coal Burners)	(2)	189.00	-		
Average Number					
in Crew	37	35	35	13	6 to 7

--- EXHIBIT NO. 31: Summary of Shipping & Shipbuilding subsidies & other forms of Maritime aid.

EXHIBIT 31

SUMMARY OF
SHIPPING AND SHIPBUILDING SUBSIDIES
and
OTHER FORMS OF MARITIME AID

Prepared for

NATIONAL COUNCIL OF SHIPYARD UNIONS (C.C.L.)

by

Research Associates
Montreal, P.Q.

NATIONAL COUNCIL OF SHIPYARD UNIONS (C.C.L.)

The necessity of maintaining our country's shipbuilding and shipping industries is generally recognized by all sections of the Canadian people. Therefore, the recent decision of the Federal Government to permit the scuttling of our merchant fleet, without endeavouring to provide the protection and assistance advanced in other maritime nations, makes it necessary for a general awakening of the people to reverse the Government's negative policy in these important sections of our economic and industrial life.

Several national conferences have taken place between shipyard workers of the West Coast, Great Lakes, Quebec and the Maritime Provinces on the need of making a joint study and taking united action against the disintegration of Canadian shipyards and Canada's shipping fleet.

A national brief will shortly be submitted

[Faint, illegible handwritten notes]

1891-1892

to the federal authorities embracing the studies and recommendations advanced by the Shipyard General Workers' Federation (BC), the Industrial Union of Marine and Shipbuilding Workers of Canada Locals in the Great Lakes Area, the Federation Nationale de la Metallurgie (C.T.C.C.) representing shipyard workers in the Quebec yards, the Maritime Marine Workers' Federation, which speaks for the marine and shipyard workers in the Maritime Provinces.

The following summary deals with the assistance given the shipbuilding and shipping industries in other maritime nations and is prepared by Research Associates, Montreal. The summary is presented by the National Council of Shipyards Unions (C.C.L.) which body acts in a co-ordinating capacity for the C.C.L. shipyard workers in the regions of the Great Lakes, West Coast and the Maritime Provinces.

WILLIAM STEWART
President

JOSEPH HUSTON
Vice-President

J.K.BELL
Secretary-Treasurer

EXECUTIVE MEMBERS

WILLIAM WHITE

C. W. DOUCET

M. S. HUBLEY

SHIPPING AND SHIPBUILDING SUBSIDIES

This survey is designed to show that subsidies and other forms of aid to maritime industries are all but universal in the major maritime and trading nations. It is our purpose to indicate the existence of these policies and demand an explanation for Canada's refusal to take similar steps to protect a key industry whose existence is vital to Canada's trading policy and economic sovereignty.

The fact is that the Government of Canada must be aware of the widespread use of subsidies: the second report of the Canadian Maritime Commission, dated June 30, 1949 carried an appendix entitled "National Maritime Aid: A Summary of Policies." In fact there seems little doubt that the Canadian Maritime Commission keeps a continuous watch on changes and developments in subsidy policy.

The listing below, is based on:

1. Appendix A to the 1949 Report of the Canadian Maritime Commission.
2. Appendix E and F to "Shipping Subsidies", published in August 1951 by the National Federation of American Shipping Inc. (While the publishers are hardly disinterested parties, the material is unquestionably authentic and useful.)
3. Various U. S. Government publications.
4. Periodical literature of the U. S. and U.K. such as "The Shipping World", "Shipping and Shipbuilding Record", "Business Week" and "U.S. News and World Report".

1911-12-13
1912-13-14
1913-14-15

MEMORANDUM FOR THE RECORD

TO :

FROM :

SUBJECT :

REFERENCE :

REMARKS :

APPROVED :

The survey does not pretend to be definitive or completely up-to-date, but we believe it conclusively establishes that subsidies are the rule rather than the exception in the world's most advanced and most important trading nations.

We have made no attempt to evaluate the effectiveness of the various policies outlined, nor do we at this time, propose any particular policy for adoption at this time. But we do insist on the principle. In this day and age a country that depends on foreign trade as Canada does, must have its own merchant marine, and that means subsidies. Once the principle has been accepted there will be time enough to go into details.

ARGENTINA

"Whereas Argentina before World War II showed little interest in a foreign-going merchant marine, the government has, since the war actively pursued a policy intended to develop and protect a sizable mercantile fleet. As a result, the Argentine State Merchant Fleet has grown to 600,000 tons."

"By official decree, cargoes purchased or sold by the government are to be carried, whenever possible, in Argentine bottoms at freight rates approved by the Merchant Fleet Department. Insurable risks for the account of national importers or exporters must be covered by Argentine insurance companies."

"Income tax, levied on net earnings from freights, is imposed on foreign shipping using Argentine ports, exempting only the vessels of

countries with which mutual taxation exemption agreements have been negotiated. For determining the tax, net earnings are regarded as ten per cent of gross freights. The government, by way of encouraging fleet expansion, exempts from taxation a proportion of the normally leviable earnings of national ship-owners who apply over thirty per cent of their profits to the purchase of new vessels."

"Preferential treatment is accorded Argentine ships in assessing port dues, light dues and pilotage charges.

(Appendix A, 1949 Annual Report, Canadian Maritime Commission.)
(See item from "Shipping World" under Chile.)

AUSTRALIA

"The Australian Government, in its second attempt to engage profitably in the shipping business, has entrusted, since the beginning of 1946, the operation of its fleet of twenty-six merchant vessels and additional chartered vessels to the Australian Shipping Board. The first experience of state shipowning, arising out of World War I, ended in 1927 with a heavy financial loss to the nation."

"The Australian Shipping Act, 1949, charges the Australian Shipping Board with control of all Australian-owned shipping, with developing shipbuilding in the Commonwealth, and with establishing a Commonwealth Shipping Line to operate in coastal and overseas trade. Of vessels exceeding 200 gross tons, only those built in Australia and under twenty-four years of age will be licensed to engage in

coastal trade. The government will purchase vessels built in domestic shipyards and resell them to private owners at a lower price, provided that the difference in price (that is, the amount of the building subsidy) does not exceed twenty-five per cent of the cost of a similar ship built in the United Kingdom."

"Non-Australian ships are liable for Australian income and social service taxes on an assessment of one-twentieth of outward freight and passage money derived from trade with the Commonwealth."

(Appendix A, 1949 Annual Report, Canadian Maritime Commission.)

BELGIUM

"Apart from a few shipping services in which the state has directly participated, Belgian shipping has been developed by private enterprise with the assistance of low-interest government loans. The merchant fleet has engaged in liner trades to the exclusion of tramp ship operations."

"Indicative of a continuation of policy, the Belgian Government has, by a law passed in August, 1948, set up a Shipowning and Maritime Construction Fund of two milliard francs (\$45.6 million at \$0.228 to the franc) for the promotion of shipbuilding and for the acquisition of new vessels by national shipowners. The fund, administered by a Technical Commission for Maritime Credit, provides 300 million francs a year for loans and advances up to seventy per cent of the value of proposed acquisitions."

(Appendix A, 1949 Annual Report, Canadian Maritime Commission.)

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It is interesting to note that "Shipping Subsidies" published by the National Federation of American Shipping, Inc. notes very much the same data but sees it in a much stronger light:-

A. LOANS AND GRANTS

"The Minister of Merchant Marine, according to a law passed August, 1948, can obtain the State's guarantee for loans closed by Belgian shipowners with a national credit institute, used to expand the tonnage of the Belgian merchant fleet. These obligations will amount to \$577,000,000 of which \$22,800,000 is already available." "A law of August, 1948, established a Shipowning and Shipbuilding Fund of \$45,600,000 of which \$4,560,000 a year is to be used to build and purchase vessels by means of grants to shipowners for a period of ten years."

BRAZIL

"The Brazilian merchant marine, part of which is government-owned, has received state aid through construction and operating subsidies, loans, a variety of tax exemptions, and a reserved coastal trade. Berthing and warehouse priorities in congested Brazilian ports also constitute a form of government assistance to national shipping."

(Appendix A, 1949 Annual Report, Canadian Maritime Commission.)

(See item from "Shipping World" under Chile.)

CHILE

"The Association was represented at the meeting of the International Chamber of Shipping in

London on January 21, 1953. The discussion on flag discrimination disclosed general misgivings at the increasing tendency since the end of the war on the part of some nations, particularly those of South and Central America to view the exports and imports to their countries as national commerce and so to claim the right to discriminate in favour of vessels of the national flag against vessels of an alien flag in regard to marine transportation of goods."

"The Association urges H.M. Government to use all means in their power to bring about the discontinuance of the discrimination which is being practised against British shipping by such countries as the Argentine, Brazil and Chile and many others ... British shipping seeks no discrimination in its own favour from its own Government and received none. It is content to compete on the basis of the merit of its own services in free competition with other flags."

"As an example illustration of what is said above may be cited a report made recently to the Chilean Government by an organization of shipowners in that country. This report proposed (inter alia) the following Government action of a discriminatory kind:

(i) The inclusion of a 50/50 carrying clause as a minimum in all treaties and agreements entered into by Chile.

(ii) The insertion of this clause in all import and export licenses.

(iii) To make it a condition that exports to countries with no mercantile marine of their own

must move by Chilean ships.

(iv) To order that foreign ships chartered for the carriage of Chilean products must be operated by Chilean shipping companies."

(Extract from an article on the Annual Report of the Liverpool Steamship Owners' Association.

("The Shipping World" March 18th, 1953)."

DENMARK

"Danish shipping has been operated almost entirely by private enterprise without dependence on state assistance. While no subsidies have been paid, the government does encourage shipowners to acquire new tonnage by permitting tax-free depreciation over a two-year period in respect of costs in excess of pre-war prices."

(Appendix A, 1949 Annual Report, Canadian Maritime Commission.)

FRANCE

"Extensive state assistance in the form of subsidies and mail subventions, maritime credit loan guarantees, tax exemptions, and reserved trades has been a feature of French shipping in the past. Since the war, the government has become the principal shareholder in two major shipping compies, the Cie. Generale Transatlantique, and the Cie. des Messageries Maritimes. Freed from the threat of nationalization, other shipping firms remain subject for a two-year period to a measure of state control over trades and freight rates. Maritime requisition was, however, discontinued aby a law of February 28th, 1948."
(Appendix A, 1949 Annual Report, Can. Maritime Comm.)

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A. Operating Aids

"General aid was given under a law of June, 1934, in the form of a navigation bounty (per ton day basis) applicable to coastwise or foreign trade in order to offset unfavorable competitive conditions. Almost \$6,000,000 was provided for this purpose for 1935."

"This law was extended five times and on the last occasion runs through December 31, 1950."

"By law of June, 1938, duties on refined petroleum imports were divided among tank ships operating under French flag."

"Under existing agreements, the French Government in 1936 reimbursed four subsidized companies to the extent of \$33,000,000 operating deficit."

"Subsidy estimates for the French Merchant Marine for 1948 amounted to over \$17,000,000."

B. Loans and Grants

"In the late 20's, contracts were made between the Government and the Credit Foncier (a semi-official credit institute) with the Government guarantee to pay any interest contribution. The interest contribution on the part of the Government was \$220,000 annually between 1928 and 1933. From 1933 to 1936, it was \$201,000 annually. From 1937 to 1940, the grant for interest payment was \$265,000 annually and increased to \$576,000 annually from 1938 through 1941."

"In 1938 the French National Office of

Liquid Fuels was authorized to grant loans to the French Petroleum Transport Company of almost \$6,000,000 bearing $2\frac{1}{2}\%$ interest."

(Appendix E, Shipping Subsidies).

GERMANY

"Established and experienced shipowners are supported by the Government in the way of shipbuilding loans. Firms which give shipbuilding credit are exempt from taxation on interest. This has led to the formation of several new small shipping companies mostly managing only one or two vessels for the coastal trade."

(Extracts from "Shipping World"
January 14, 1953)

"When all the vessels (contemplated) have been completed, the German merchant fleet will amount to about 2,100,000 tons gross. But this is not the limit of the expansion which is visualized in Germany. Speaking at Bremen recently, the Federal Minister of Transport stated that the objective remained a fleet of about 3,500,000 tons, gross, which would be not far short of the prewar total. A fleet of this size of course, would re-establish Germany as a major maritime power."

"Figures published reveal that the method of financing the construction of ships has been largely by loans, most of which, it would appear, are on an interest-free basis. Differing figures for the total cost involved are given, the Ministry of Transport report quoting an overall cost of 2,200 million

marks and the Hamburg journal one of 1,690 million marks. The lower figure is equivalent to about 1,300 marks (116) per ton gross, or about 72 per ton dead-weight. The Hamburg journal gives a figure of 627 million marks, equivalent to only 37 per cent of the whole, as the direct contribution of German shipowners to the total cost. The proportion of direct shipowners' contribution has varied from as low as 16 per cent for the 1950 programme to 80 per cent for the tanker programme. The balance of the cost is stated to be derived from reconstruction loans (421 million marks), E.R.P. counterpart loans (300 million marks), and unemployment relief funds (23.5 million marks) with 314 million marks raised by shipowners on bill credits on which annual interest of about 20 million marks is payable. Some of these figures are duplicated in the Ministry of Transport report, but in addition, the very considerable sum of 850 million marks is attributed to 'loans and advances made available as a result of para 7 (d) of the income tax regulations'. This is believed to refer to an arrangement whereby firms which had made profits were allowed to avoid the payment of income tax on them if they made them available as loans to shipowners on an interest-free basis. This arrangement, it is understood, has recently been terminated, with a resulting increase in the difficulties that German shipowners are encountering in financing new construction."

(The Shipping World, September 2nd, 1953.)

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GREECE

"The privately-owned Greek ocean-going fleet, operating with little state aid, has been recognized as a significant competitor in world shipping, particularly in the tramp trades. Low taxation enabled Greek shipowners to operate without benefit of subsidies even during the years of depressed freights. Since the war, however, competitive advantages have been offset by minimum wage and hour legislation enacted shortly after the liberation of Greece. Shipowners have, as a result, in many cases registered new vessels under foreign flags to escape government regulations. The government, on the other hand, has, by restricting the use of insurance proceeds arising out of war losses, endeavoured to bring owners to replace their former fleets with new vessels on the Greek register."

(Appendix A, 1949 Annual Report, Canadian Maritime Commission.)

GREEK SUBSIDIES FOR FOREIGN REPAIRS

"We are advised by the Saporta Agency Co., Piraeus that in order to attract foreign vessels to Piraeus and other main Greek ports, the Greek Government has decided to grant a 40% subsidy towards the cost of all repairs to foreign ships in Greek shipbuilding and repairing yards."

"Under this arrangement the value of any foreign currency imported into Greece to pay for ship repairs will be increased by 40%."

(Extra from shipping and Shipbuilding Record, January 8, 1953)

INDIA

"The Indian Government has committed itself to a plan to form three shipping corporations and to assume a controlling interest in each. Under the scheme, the government will underwrite any losses incurred during the first five years of operations."

(Appendix A, 1949 Annual Report, Canadian Maritime Commission.)

"A programme of financial assistance to Indian Companies for acquisition of additional tonnage during 1951-1956 has been drawn up"

(Extract from Shipping World, March 12th, 1953.)

ITALY

"Prior to World War II, the Italian Government promoted the expansion and modernization of the merchant marine by intervening in the management and ownership of shipping and shipbuilding organizations, granting liberal bounties, subsidies, and building loans, and, in a variety of ways, extending indirect aid."

"A reconstruction programme approved by the government in March, 1949 is intended to add from 230,000 to 235,000 tons of modern shipping to the war-depleted merchant fleet. Under the plan, state-controlled and private shipping companies will benefit from subsidies and tax exemptions. Subsidies of up to one-third of the cost of new vessels are provided from a fund of 34,000 million lire (\$57.8 million at \$0.0017 to the lire.)"

(Appendix A, 1949 Annual Report, Canadian Maritime Commission.)

A. CONSTRUCTION AIDS

"Finmar, a Government owned holding company was formed in 1938 with a capital of \$47,340,000. Finmar took over the stock majority of the four Italian liner companies and financed the construction of ships for the reorganized lines."

"A shipbuilding subsidy law was passed in 1938, and the appropriations under the law were as follows:

\$2,600,000 for fiscal year 1937-38

\$5,200,000 for each fiscal year 1938-39 to 1946-47

\$2,600,000 for fiscal year 1947-48"

"Under the law a bounty up to 50% of the import duty on foreign materials was paid for using Italian materials."

"Also a construction bounty (amortization contribution) based on inside volume of the ship and on the speed was granted to the operator."

"Under the new law March, 1949, approximately \$66,000,000 was granted for new construction and modernization."

"A construction bounty (amortization contribution) is paid on vessels constructed under the provisions of the law. The construction bounty is based on the inside volume and the speed of the vessel."

"In addition the Government makes a supplementary contribution equal to one-sixth of the cost of the vessel upon the date of its entry into service."

B. OPERATING AIDS

"In 1932, operating subsidies were granted for one year to Italian cargo vessels and operating in regular contract services. The basis of the subsidy was calculated according to size, age and distance sailed. The subsidy was extended each year, 1932 through 1936. The total subsidy for the non-contract services for the five-year period was \$20,802,500."

C. LOANS AND GRANTS

"The Institute of Naval Credit was authorized in 1933 to issue bonds worth \$13,420,000 at 5%, the proceeds to be loaned to Italian shipping companies. The loans were State guaranteed with a fixed interest of 6.8% towards which the Government contributed 2.5%."

(Appendix E. Shipping Subsidies.)

ITALIAN SHIPBUILDING SCHEMES"

"New light was shed on the Italian shipbuilding programme of the next few years when Senator Cappa, the Italian Minister of Merchant Shipping in June last outlined his ideas concerning the new Shipbuilding Bill which in its amended form is soon to be submitted to both houses of Parliament for final approval. Owing to lengthy parliamentary procedure however the Bill is not likely to become law before well into 1954."

"The Minister said that the details of the proposed law were to follow traditional practice. Shipbuilding and ship repairing companies were to be substantially compensated in respect of their

purchases of Italian materials to bring costs in line with prices ruling elsewhere; furthermore imported materials were to be duty free. Another form of subsidy proposed was in the nature of assistance in meeting overheads. These measures should, the Minister emphasized, enable Italian shipbuilders, ship repairers and marine engineering establishments to compete on the international market."

"....The provisions of the new law will also apply to ships to be built in Italy to foreign account"

"Additional facilities, which, however, would be reserved for Italian owners only, would include a grant of $1\frac{1}{2}\%$ p.a. towards capital interest, and State guarantee on loans made by financial corporations and others authorized to grant shipbuilding credits."

"It was probable he added that the extent of such financing would not exceed 40% of the total of building or repairing costs, a limit which had ruled in the past. On the whole, the cost to the state of the Ten Years Programme would in the opinion of the Minister initially amount to some Lire 12,000 million to Lire 14,000 million per annum (about 6,768,000 to 7,896,200.)"

"It was proposed to limit the state contribution to 27% of the entire building cost in respect of cargo vessels, and in the case of passenger vessels to 21% of the cost, as turnover tax of 5% must be deducted. In point of fact, the contribution would

turn out to be 22% to 16% respectively. (Shipping and shipbuilding interests are already demanding that these contributions be exempted from the 5% tax.)"

"In the meantime the Saragat Law of March 1949 together with its supplementary law of July 25, 1952 have been extended to June 30, 1956... On the whole the extended Saragat Law envisages shipbuilding guarantees to be taken over by the State between the end of June 1952 and June 30, 1956, totalling Lire 68,000 millions (about £38,353,000.) The extended law reduced the building contribution of the State in respect of oil tankers of more than 6,000 tons gross to about 22.8.6 per ton gross and from about £25,7.7d. which was the subsidy for tankers ordered to the end of 1952."

(Extract from "The Shipping World",
September 9th, 1953.)

RENAISSANCE OF ITALIAN SHIPPING

".....These advances (of the Italian shipbuilding industry) were made possible by the modernization, with American financial assistance of the shipyards. The Ansaldo Co. for instance is reported to have received some 1½% million in Marshall Aid."

(Shipping and Shipbuilding Record,
January 22, 1953.)

JAPAN

"Japanese Shipbuilding and Shipping"

".....Press reports in Tokyo say that the Japanese Government is going to introduce a special iron and steel price adjustment system in the next

fiscal year under which shipbuilders will get these metals at international prices instead of the higher Japanese prices they have been paying recently."

(Shipping and Shipbuilding Record,
January 8, 1953.)

"Japanese Shipbuilding Prices"

"That the Governments of many of our foreign competitors are not slow in coming to the aid of their maritime industries is a commonplace; and the latest evidence comes from the Tokyo correspondent of the Financial Times", who has reported that Japanese shipbuilding prices are expected to be reduced by some 10% mainly as a result of Government action in lowering the interest rates on loans and reducing the rate of "corporate and property tax".

"Under the new legislation, the interest on loans for shipbuilding purposes by the Japan Development Bank will be lowered from 7.5% to 3.5% and on loans from city banks from 11 to 5%."

"As a result of these moves it is hoped to encourage shipowners to place orders by reducing the cost of a new ship by about 10%"

"This action, if belated, at least shows that the Japanese Government is beginning to appreciate the importance of treating the maritime industries on a different footing from ordinary manufacturing industries, an attitude which the British Government persistently refuses to adopt"

(Extract from "The Shipping World,
September 23, 1953.)

NETHERLANDS

"Reconstruction of the Netherlands fleet has been largely a matter of private initiative. While a replacement scheme designed to balance the structure of the merchant marine has been announced by the Director General of Shipping, it is not known to what extent the government will participate."

"Traditionally, government aid has not been great, although direct financial assistance was extended to tide the merchant marine over the depressed 30's."

(Appendix A, 1949 Annual Report, Canadian Maritime Commission.)

A. LOANS AND GRANTS

"A limited liability company organized for promotion of national shipping interest and commonly called BENAS was formed in September, 1932."

"Full interest in BENAS loans was to be paid only if the operating account of the borrower showed a profit. The interest rate was $4\frac{1}{2}\%$ and 5%, but only $2\frac{1}{2}\%$ remained due (cumulative) in years when no profits were made."

"In 1935 and 1936 in addition to the BENAS loans, the Netherlands Government appropriated over \$10,833,600 to be used as non-interest bearing credit by shipowners. No security was required. These loans were not redeemed and apparently became gifts to the Netherlands shipowners."

"August 1948, the International Bank for Reconstruction and Development loaned four

Netherlands steamship companies \$12,000,000 at $2\frac{1}{2}\%$ interest. In addition to the $2\frac{1}{2}\%$ rate, the companies will pay 1% commission to the bank and a service charge of $1/16\%$ of the amount outstanding."

(Appendix E, Shipping Subsidies.)

NORWAY

"The Norwegian Government has offered no extensive assistance to the deep-sea merchant marine. Special depreciation allowances have been made in the case of ships purchased at inflated prices, and the shipbuilding industry has benefited by way of refunds of customs dues collected on imported construction materials."

(Appendix A, 1949 Annual Report,
Canadian Maritime Commission.)

A. LOANS AND GRANTS

"Loans from the State Ship Fund are guaranteed by the Government with interest at 5%. Loans outstanding March, 1937, aggregated approximately \$5,898,000."

"The Norwegian Government in July, 1936, approved a plan to guarantee loans to shipbuilding yards, totalling approximately \$3,060,207 at $4\frac{1}{2}\%$ interest."

"Loans outstanding by the Ship Mortgage Institute totalled \$2,016,000 in 1947, interest at $4\frac{1}{2}\%$."

(Appendix E, Shipping Subsidies.)

PANAMA

"By imposing low taxes and few restrictions

on shipowners, the Panamanian Government has attracted to its register a large volume of shipping, in most cases representing flag transfers. No direct subsidies are paid for shipping services."

(Appendix A, 1949 Annual Report,
Canadian Maritime Commission.)

SPAIN

"Spain, before World War II, granted operating and construction subsidies as well as loans for building and modernizing vessels to engage in regular trade to Spanish-speaking countries. At the beginning of 1949 the government reinstated subsidy payments on foreign trade routes, appropriating 10 million pesetas for the purpose. Subventions have been paid regularly to Spanish companies engaging in Mediterranean Service. Including construction premiums, the sum of 76 million pesetas (Nearly \$7 million at \$0.0916 to the peseta) is ear-marked for merchant marine assistance in 1941."

(Appendix A, 1949 Annual Report,
Canadian Maritime Commission.)

SWEDEN

"Sweden has state funds available for ship construction loans at four per cent interest and in addition allows joint stock shipowning companies to write off their capital investments as rapidly as earnings permit. Through so-called 'free depreciation', Swedish shipping firms may conceivably claim a depreciation allowance for the entire cost of a new vessel in the first year of its operation."

(Appendix A, 1949 Annual Report,
Canadian Maritime Commission.)

THE UNITED STATES OF AMERICA

IN SENATE

January 1, 1911

REPORT

OF THE

COMMISSIONER OF THE GENERAL LAND OFFICE

TO THE SENATE

IN RESPONSE TO A RESOLUTION PASSED MAY 1, 1909

AND TO A RESOLUTION PASSED MAY 1, 1909

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WASHINGTON: GOVERNMENT PRINTING OFFICE: 1911

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UNITED KINGDOM

"For a hundred years, British shipping policy has supported free and unfettered access to world trade, and British shipowners have relied not on privileged treatment but rather on their competitive ability. What aid the state advanced benefited the liner companies through loans and loan guarantees, mail subventions, and Admiralty bounties. In the 1930's, however, the depressed condition of British shipping called for direct measures of relief, which, in the British Shipping (Assistance) Acts of 1935 and 1936, took the form of operating subsidies of 2 million per annum for tramp shipping, and building loans totally 10 million to encourage replacement of old tonnage. A further Bill, widening the scope of direct assistance to tramp and liner shipping, was set aside owing to the outbreak of war in 1939."

"By December 1, 1948, the British Government had removed the chief controls exercised over the activities of deep-sea dry cargo shipping in the war and immediate post-war years, thus freeing shipowners from state direction in determining the trades in which they may participate and the freight rates they must accept."

"To encourage British owners to invest in modern tonnage, the government has recently increased the depreciation allowance for tax purposes from twenty to forty per cent of the value of a new vessel in the first year of its operation. Thereafter, straight-line depreciation is allowed at five per

1911-1912

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16. 1926-1927

17. 1927-1928

18. 1928-1929

19. 1929-1930

20. 1930-1931

21. 1931-1932

22. 1932-1933

23. 1933-1934

24. 1934-1935

25. 1935-1936

26. 1936-1937

27. 1937-1938

28. 1938-1939

29. 1939-1940

30. 1940-1941

cent. Shipowners may also carry losses forward in any given years up to the limit of six years, thus enabling them to average good and bad periods of operation."

(Appendix A, 1949 Annual Report,
Canadian Maritime Commission.)

UNITED STATES

There would seem to be little point in describing the United States subsidy program in detail, as all the world knows that the United States merchant marine depends on this program for its very existence. The Canadian Maritime Commission, for instance, says:

"Assistance to shipping has been guarded as indispensable to the operation of the United States mercantile fleet. Under the Merchant Marine Act of 1936, the United States Government pays construction and operating subsidies intended to achieve parity between costs of domestic and foreign shipbuilders and operators."

"Construction differential subsidies, separately determined for each new vessel, amount to approximately forty-five per cent of building costs. Since 1936, the government has contributed \$341,000,000 towards the building of 247 vessels."

"To qualify for an operating differential subsidy a shipowner must be prepared to furnish adequate service on a trade route shown, by an analysis of trade requirements, to be essential to the needs of American commerce. Whenever a recipient shipowner earns, over a ten-year period, profits in excess of

ten per cent of the capital employed, all or part of the operating subsidy is recaptured by the government. The twelve shipping companies which have benefited from operating subsidies will, by all indications, be in a position to return to the United States Maritime Commission a substantial portion of the amounts paid to them, leaving a net expenditure by the government of approximate \$24,000,000 in operating aid."

"Participation on the coastal, inter-coastal and non-contiguous trades of the United States is restricted to American shipping."

"Since the war, the Merchant Ship Sales Act of 1946 has enabled the government to offer for sale, with American operators granted prior rights to purchase, a considerable part of the war-built merchant fleet at prices well below the cost."

"Under the Foreign Assistance Act 1948, at least fifty per cent of European Recovery Plan cargoes must, as far as possible, be carried in American ships."

(Appendix A, 1949 Annual Report,
Canadian Maritime Commission.)

However, some highlights dealing with the origins, purposes, operations and cost of this program are relevant to the determination of Canadian policy. Canada is in a situation comparable to the United States in the matters of construction and operating costs, living standards, etc. and in a much more vulnerable position as regards dependence

on overseas trade. The considerations motivating United States subsidy policies would seem to apply with even greater force in Canada.

The attitude of the late President Roosevelt on this question bears repeating: On March 4th, 1935, he sent Congress a message on the Merchant Marine. He said:

"I present to the Congress the question of whether or not the United States should have an adequate Merchant Marine."

"To me, there are three reasons for answering this question in the affirmative. The first is that in time of peace subsidies granted by other nations, shipping combines, and other restrictive or rebating methods may well be used to the detriment of American shippers. The Maintenance of fair competition alone calls for American-flag ships of sufficient tonnage to carry a reasonable portion of our foreign commerce."

"Second, in the event of a major war in which the United States is not involved, our commerce, in the absence of an adequate American Merchant Marine, might find itself seriously crippled because of its inability to secure bottoms for neutral peaceful foreign trade."

"Third, in the event of a war in which the United States itself might be engaged, American-flag ships are obviously needed not only for navy auxiliaries but also for the maintenance of reasonable and necessary commercial intercourse with other nations. We should remember lessons learned in the last war."

(Shipping Subsidies, pages 8 & 10.)

From this message developed the Merchant Marine Act, 1936. The Act begins with a "Declaration of Policy":

"Section 101. It is necessary for the national defense and development of its foreign and domestic commerce that the United States shall have a merchant marine,

(a) sufficient to carry its domestic water-borne commerce and a substantial portion of the water-borne export and import foreign commerce of the United States and to provide shipping service on all routes essential for maintaining the flow of such domestic and foreign water-borne commerce at all times,

(b) capable of serving as a naval and military auxiliary in time of war or national emergency,

(c) owned and operated under the United States flag by citizens of the United States insofar as may be practicable, and

(d) composed of the best-equipped, safest, and most suitable types of vessels, constructed in the United States and manned with a trained and efficient citizen personnel.

It is hereby declared to be the policy of the United States to foster the development and encourage the maintenance of such a merchant marine."

(Merchant Marine Act, 1936, Section 101)

The Act set up a Commission among whose duties was to implement the enunciated policy. These duties were spelled out, in part, as follows:

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"Section 210. It shall be the duty of the Commission to make a survey of the American merchant marine, as it now exists, to determine what additions and replacements are required to carry forward the national policy declared in section 101 of this Act, and the Commission is directed to study, perfect, and adopt a long-range program for replacements and additions to the American merchant marine so that as soon as practicable the following objectives may be accomplished:

First, the creation of an adequate and well-balanced merchant fleet, including vessels of all types, to provide shipping service on all routes essential for maintaining the flow of the foreign commerce of the United States, the vessels in such fleet to be so designed as to be readily and quickly convertible into transport and supply vessels in a time of national emergency. In planning the development of such a fleet the Commission is directed to cooperate closely with the Navy Department as to national-defense needs and the possible speedy adaptation of the merchant fleet to national defense requirements.

Second, the ownership and the operation of such a merchant fleet by citizens of the United States insofar as may be practicable.

Third, the planning of vessels designed to afford the best and most complete protection for passengers and crew against fire and all marine perils."

"Section 211. The Commission is authorized and directed to investigate, determine, and keep current records of --

(a) The Ocean services, routes, and lines from ports in the United States, or in a Territory, district, or possession thereof, to foreign markets, which are, or may be, determined by the Commission to be essential for the promotion, development, expansion and maintenance of the foreign commerce of the United States, and in reaching its determination the Commission shall consider and give due weight to the cost of maintaining each of such steamship lines, the probability that any such line cannot be maintained except at a heavy loss disproportionate to the benefit accruing to foreign trade, the number of sailings and types of vessels that should be employed in such lines, and any other facts and conditions that a prudent business man would consider when dealing with his own business, with the added consideration, however, of the intangible benefit the maintenance of any such line may afford to the foreign commerce of the United States and to the national defense;"

(Merchant Marine Act, 1936, Section 210 & 211)

It is interesting to note that the Act recognized that foreign shippers have ways of discriminating against the trade of other nations through discriminatory rates, rigged insurance rates, etc. The Maritime Commission is ordered by the Act:

"(e) To investigate, under the regulatory powers transferred to it by this Act, any and all

discriminatory rates, charges, classifications, and practices whereby exporters and shippers of cargo originating in the United States are required by any common carrier by water in the foreign trade of the United States to pay a higher rate from any United States port to a foreign port than the rate charged by such carrier on similar cargo from such foreign port to such United States port, and recommend to Congress measures by which such discrimination may be corrected."

(Merchant Marine Act, 1936, Section 212(e).)

It should be noted that the Act did not ignore the rights of Organized Labor:

"Section 301. (a) The Commission is authorized and directed to investigate the employment and wage conditions in ocean-going shipping and, after making such investigation and after appropriate hearings, to incorporate in the contracts authorized under title VI and VII of this Act minimum manning scales and minimum wage scales, and minimum working conditions for all officers and crews employed on all types of vessels receiving an operating-differential subsidy. After such minimum manning and wage scales, and working conditions shall have been adopted by the Commission, no change shall be made therein by the Commission except upon public notice of the hearing to be had, and a hearing by the Commission shall prescribe. The duly elected representatives of the organizations certified as the proper collective bargaining agencies shall have the right to represent

THE UNIVERSITY OF CHICAGO

DEPARTMENT OF THE HISTORY OF ARTS AND LITERATURE

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CONTACT

the employees who are members of their organizations at any such hearing. Every contractor receiving an operating-differential subsidy shall post and keep posted in a conspicuous place on each such vessel operated by such contractor a printed copy of the minimum manning and wage scales, and working conditions prescribed by his contract and applicable to such vessel:

PROVIDED, HOWEVER, That any increase in the operating expenses of the subsidized vessel occasioned by any change in the wage or manning scales or working conditions as provided in this section shall be added to the operating-differential subsidy previously authorized for the vessel."

(Merchant Marine Act, 1936, Section 301.)

"(b) For a period of one year after the effective date of this Act, upon each departure from the United States of a passenger vessel in respect of which a construction or operation subsidy has been granted, all licensed officers shall be citizens of the United States as defined above, and no less than 80 per centum of the crew (crew including all employees of the ship other than officers) shall be citizens of the United States, native-born or completely naturalized, and thereafter the percentage of citizens as above defined, shall be increased 5 per centum until 90 per centum of the entire crew, shall be citizens of the United States, native-born or completely naturalized."

In laying down the conditions for qualifying for a Construction-Differential Subsidy, the act

reiterates the objective of the fostering national trade and defense policy:

"(a) Any citizen of the United States may make application to the Commission for a construction-differential subsidy to aid in the construction of a new vessel, to be used on a service, route, or line in the foreign commerce of the United States, determined to be essential under section 211 of this Act. No such application shall be approved by the Commission unless it determines that

(1) the service, route, or line requires a new vessel of modern and economical design to meet foreign-flag competition and to promote the foreign commerce of the United States;

(2) the plans and specifications call for a new vessel which will meet the needs of the service, route, or line, and the requirements of commerce;

(3) the applicant possesses the ability, experience, financial resources, and other qualifications necessary to enable it to operate and maintain the proposed new vessel in such service, or on such route or line, and to maintain and continue adequate service on said route or line, including replacement of worn out or obsolete tonnage with new and modern ships; and

(4) the granting of the aid applied for is reasonably calculated to carry out effectively the purposes and policy of this Act."

"(b) The Commission shall submit the plans and specifications for the proposed vessel to the

Navy Department for examination thereof and suggestions for such changes therein as may be deemed necessary or proper in order that such vessel shall be suitable for economical and speedy conversion into a naval or military auxiliary, or otherwise suitable for the use of the United States Government in time of war or national emergency. If the Secretary of the Navy approves such plans and specifications as submitted, or as modified, in accordance with the provisions of this subsection, he shall certify such approval to the Commission."

(Merchant Marine Act, 1936, Sections 501, (a) and (b).)

Very much the same conditions apply in qualifying for an Operating-Differential Subsidy under Section 601 of the Act.

It is significant that, far from reducing subsidies in line with its stated multilateral trade policy, the United States is increasing them:

"NEW U.S.A. SHIPPING BILL SUBSIDIES FOR ALL FOREIGN TRADE VESSELS"

"The Major points of new Act are as follows:

1. The Government subsidies, formerly given only to vessels using essential trade routes defined by the Government, are now given to all vessels engaged in foreign trade.
2. The replacement on merchant vessels has been reduced from 17 years to 12 years thus encouraging their earlier replacement by the Government.
3. Loans are provided on passenger ships, limiting the liability of the owner to the vessel

involved instead of extending the liability to all ships in his fleet.

4. The top salary rate of 8,900 to employees of companies receiving Government subsidies has been removed, but the companies must bear the cost of any increase.

5. Provision is made for prolonging the service of a merchant ship for depreciation purposes when it has been reconstructed and modernized to Government specifications."

(Extracts from "The Shipping World of July 30, 1952.)

The weekly "U.S. News and World Report" carried in its issue for July 25, 1952, an article on shipping subsidies headed:

"U. S. Priced Off Seas?"

"It takes subsidy to keep most ships operating. Private firms can't meet the competition unaided. But U.S. needs the fleet so Government has to foot much of the bill."

The article then deals with the case of the super-line "United States".

(It) "already has cost the taxpayers 48 million dollars to build.

It may cost them another 4 million a year in operating subsidy.

It cost the shipping line that owns it about 30 million dollars."

The article states that about \$26 million of the \$48 million subsidy covers the cost of defence

features such as an extra hull, extra engines, etc.

"The upshot is a construction subsidy of about 22 million dollars, after all adjustments are made."

"Unofficial estimates are that it will cost about 15.7 million dollars a year to operate the United States. Under the British flag, operating costs would be about 11.5 million. The difference, 4.2 million dollars will be paid to the owners of the United States, to put them on an equal competitive footing with their British rivals."

"The idea is to maintain an American-owned and American-manned fleet where national interest demands it."

"Between the start of direct subsidies in 1938 and the end of 1950, net operating subsidies amounted to 101 million dollars. Net construction subsidies were 109 millions. The total, for 12 years, was 210 million. By comparison, the United States paid Britain about 100 million dollars during World War II to transport soldiers in two ships alone - the Queen Elizabeth and the Queen Mary."

"In years ahead, however, subsidies probably are going to skyrocket. A new plan just approved by Congress authorizes a construction subsidy for any ship going into foreign trade, including freighters on irregular schedules, tankers and ore ships."

In 1951, the skyrocketing was already in evidence. In the course of one year the net operating subsidies alone paid by the United States amounted to

\$46 million, or almost half of what had been paid in the previous thirteen years.

Subsidized Operators Combined Summary of
Operating-Differential.

Subsidy and Recapture thereof for the
14 years ended December 31, 1951

Subsidy:

Received to December 31, 1951	\$ 90,508,918
Accrued at December 31, 1951	<u>168,041,444</u>
TOTAL	258,550,362
PERCENT	100

Recapture:

Paid to December 31, 1951	28,367,602
Accrued at December 31, 1951	<u>83,024,436</u>
TOTAL	111,392,038
PERCENT	43

Net Subsidy	147,158,324
PERCENT	57

APPENDIX F

"Comparison of United States and Foreign
Shipowners Tax Treatment"

"Under date of June 7, 1951, Price, Waterhouse & Co., a nationally-known firm of public accountants, prepared for one of the Federation members a study of the tax situation of shipping companies operating under the laws of various countries. This study was primarily concerned with rates of tax, treatment of capital gains arising through insurance indemnities for sales of fixed assets, depreciation allowances and other unusual provisions of the laws."

"The study dealt with the laws of Sweden, Norway, the Netherlands, France and the United Kingdom. It is summarized as follows:

1. Tax rates in these foreign countries are

generally lower than the prevailing United States rates.

2. While capital gain on sales of vessels is taxable here at 25%, capital gains on sales of vessels are

- (a) tax deferred in three of the countries if reinvested in new tonnage and the gain is applied to reduce the book value of the new ship,

- (b) considered as ordinary income in two countries, and

- (c) taxed at a lower rate than for ordinary income by the United States.

3. The excess of the insurance indemnity over the book value of a vessel is

- (a) not taxable in four of the countries if reinvested in new tonnage and the gain is used to reduce the carrying value of the replacement,

- (b) taxable as ordinary income in Sweden, and

- (c) not subject to tax in France.

While in the United States indemnity is taxable at 25% or deferred if I.R.C. Section 112(f) relative to involuntary conversion is availed of and gain is applied to reduce carrying value of replacement.

4. Three of the six countries permit as taxable deduction provisions to establish reserves for anticipated future heavy repair expenses such as periodic classification surveys. In the United States this is on a cash basis.

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5. All but two of the countries have some provision for carrying back and/or forward of operating losses. In the United States operating losses can be carried back one year and excess carried forward five years (unused excess profits credit carry over, one year back then five years forward).

6. Although in the United States depreciation is on a cost basis with a 20-year life expectancy and with no provision of accelerated depreciation, such is not the case in the foreign countries studied."

"The depreciation allowances permitted in foreign countries are considerably more flexible than those available to American flag fleets and many provisions have the effect of granting accelerated depreciation, an advantage not presently available to American companies. Some of these provisions are noted briefly below:

France and The Netherlands permit the revalorization of assets as described earlier herein.

Norway and Sweden permit the taxpayer to write off in the year of acquisition, or to amortize "over-price," the amount by which actual cost exceeds cost considered to be "normal".

France and Sweden permit as a deduction any depreciation which is booked, Sweden also permits the taxpayer to utilize in a future year any depreciation which has not benefited the company from a tax standpoint.

The United Kingdom permits the taxpayer to write off 40% of the cost of a vessel plus normal

depreciation in the year of acquisition and to carry forward without time limit any depreciation which exceeds the profit for the year.

The Netherlands permit a special depreciation allowance equal to $33\frac{1}{3}\%$ of the cost of fixed assets acquired or contracted for between December 31, 1949 and January 1, 1953."

(Appendix F, Shipping Subsidies, page 24.)

Source: Merchant Marine Studies, Hearings before a Sub-Committee of the Committee on interstate and Foreign Commerce, United States Senate, Eighty-Third Congress, First Session, on Merchant Marine Studies, 1953, Part I, page 138.

Subtracting the net subsidy of \$147 million shown by the table at the end of 1951 from the \$101 quoted by the article above for the end of 1950 we get a net operating subsidy of \$46 millions for the year 1951.

On October 3rd, 1953, the magazine Business Week also carried an article on shipping subsidies:

"Since the passage of the Merchant Marine Act of 1936, Washington has paid out nearly a billion dollars in subsidy to the marine industry. The great bulk of this comes in three categories; construction differential subsidies, repricing of war-built ships, and operating differential subsidies".

Business Week's figures, which are apparently gross -- including recapture -- are broken down as follows:

- I. Operating-Differential Subsidy. \$204 million.
(Apparently gross figures to the end of 1950.)
- II. Construction Differential Subsidy: \$342.5 million. (The gross subsidy was \$426 million for the 246 ships constructed under the program but ships valued at \$83.7 million were apparently repurchased by the Maritime Commission.)
- III. Sales of World War II ships Below cost: \$230.6 million. (Apparently 116 ships had their sales prices adjusted downward.
"This resulted in another subsidy in which the government paid an additional \$239,553,371")
- IV. Additional benefits: no figure given.
(No tax is paid on ship replacement funds until the new ship is built and turned over to the operator. In addition the Maritime Administration finances purchase of ships: the operator may pay about 25% cash and the balance over 10 or 15 years.)

---EXHIBIT NO. 32A: Letter from Rt. Hon. C.D. Howe

EXHIBIT NO. 32A

MINISTER OF TRADE AND COMMERCE

CANADA

OTTAWA, June 16, 1954.

Dear Mr. Bell:-

I have your letter of June 3, in which you ask if we have any information regarding the type of vessels which the U.S.S.R. Government may have been discussing with Canadian shipyards. We, naturally, cannot divulge confidential information, but I understand the Russians have indicated an interest in any type of ship that can be built in Canadian yards.

I do not think there is any doubt that the U.S.S.R. would be interested in placing orders with Canadian shipyards for the types of vessels which we and allied Western governments have, by agreement, been denying to them on strategic grounds. I am afraid that for any type of vessel which it is the common policy of Western countries to supply to the Soviet bloc we may not be sufficiently competitive to obtain the business because of lower costs of construction in Europe.

The strategic classification of vessels is a subject on which we keep in close consultation with other governments, including the United States and the United Kingdom.

Yours sincerely,

("Signed) C.D. Howe

J.K. Bell, Esq.,
Secretary-Treasurer,
National Council of Shipyard Unions,
60 Gerrish Street,
HALIFAX, N. S.

---EXHIBIT NO. 32B: Letter from J.C. MacKinnon

EXHIBIT NO. 32B

DEPARTMENT OF TRADE AND COMMERCE

FILE NO. 5451-71

Ottawa, February 3, 1955.

East West Export Import Co. Ltd.,
339 West Pender St.,
Vancouver 3, B.C.

Dear Sirs:-

I have for acknowledgment your letter of
January 24th, enclosing an application for export
permit of one General Cargo Motor Ship to the
U.S.S.R.

We regret to inform you that, in view of the
nature and destination of the commodity shown on
your application, we cannot approve your proposed
export.

We are enclosing a copy of your application
which has been refused.

Yours faithfully,

J.C. MacKinnon,
Chief, Export and
Import Permits Section.

---EXHIBIT NO. 33: N.C.S. brief.

EXHIBIT NO. 33

SUBMISSION TO
THE ROYAL COMMISSION ON COASTING TRADE
BY
NEWFOUNDLAND CANADA STEAMSHIPS LIMITED

Halifax, N.S.
August 4th, 1955.

G. G. McLeod, Esq.,
Secretary,
Royal Commission on Coasting Trade.

Sir,- Re: Submission to the Royal Commission
on Coasting Trade by Newfoundland
Canada Steamships Limited

On behalf of Newfoundland Canada Steamships
Limited, the following observations are respectfully
submitted as being pertinent to the terms of
reference of the Royal Commission on Coasting
Trade.

Newfoundland Canada Steamships Limited is a
Body Corporate, having its Head Office at Halifax,
with at least 95% of its shares owned by
Canadians. The Company owns, through a wholly
owned subsidiary, Chebucto Steamships Limited, and
operates two Canadian Registered Cargo-carrying
Motor Ships, namely the "Belle Isle II" of 1529 tons
gross and the "Bedford II" of 1104 tons gross,
which ply between Halifax and Ports of Newfound-
land the year around.

We believe that exclusion of British built ships from Canadian Coastal trade and especially trade between Ports on the Eastern Coast of the Mainland and Newfoundland would have an extremely serious effect on all private Companies operating in the coastal trade on the Atlantic for the following reasons,-

(1) It has been the experience of this Company that trade between the Mainland and Newfoundland is inclined to be seasonal, with the result that there are occasions during which individual operators may require to charter additional tonnage on a temporary basis. Suitable tonnage is not, and will not, in our opinion, be available for many years if restricted to ships of Canadian Registry. Even in Britain it is often difficult to get the type of bottom necessary.

(2) With Canadian Registered ships this Company is able to compete in the Newfoundland trade and to give employment to Canadians only because it has been possible to acquire tonnage at a relatively low cost.

The traffic between Canada and Newfoundland is almost wholly from west to east, and with the exception of movements of salt fish in varying quantities, which is also to a great extent seasonal, there is practically no cargo moving from Newfoundland to the Mainland. Steamship operators, therefore, who are engaged in the trade from the Maritime Provinces to Newfoundland

must rely for their income to a very great extent on cargo moving into Newfoundland from these Provinces. The same situation is true with cargo moving to Newfoundland from other parts of Canada, although the odd bulk cargo moving westward is available in that case. Moreover, the freight structure is such, and in our opinion always will be such, that inexpensive tonnage is essential if private enterprise in this trade is to survive at all.

This Company is opposed to the restriction of shipping engaged in the coastal trade to Canadian built ships, because when its present tonnage must be replaced or expanded, it is essential that it should be able to acquire new tonnage at the lowest possible cost. We say without hesitation that any restrictions placed upon us which would substantially increase either our Capital cost or our Operating cost would make it impossible for us to continue in this business under existing circumstances. In our opinion, no one can profitably operate a service between any Port of Canada and Newfoundland with the rate structure as it is, and with a ship built in Canada at present costs. We doubt if it would be possible under these circumstances to even make depreciation, altogether apart from any return on the Capital investment.

() While this Company favours the continuance of British ships in the coastal trade

for the reasons above noted, it nevertheless feels that wherever possible by Governmental action Canadian Companies should be encouraged to continue in that trade with ships of Canadian registry employing Canadian seamen.

In our opinion a healthy Canadian coastal trade, operated by Canadian Private enterprises in ships of Canadian registry, is in the public interest in every way. While it is difficult to specify here just how such encouragement can be given, we submit that no subsidies should be offered on any Canadian service for ships other than of Canadian registry if Canadian ships are available. Likewise, Government cargo and cargo over which the Government has control, directly or indirectly, should be routed in the coastal trade via ships of Canadian registry where the same are available before such cargoes are given to ships registered elsewhere in the Commonwealth. Furthermore, the Canadian Railways should be encouraged to assist wherever possible Canadian shipping operated by private enterprise engaged in the coastal trade. Particularly, is this important in the Maritime-Newfoundland trade, where the position of the private operator is so dependent upon co-operation of the great Railways of the Country.

That Canadian Companies and Canadian ships should receive this type of assistance is, we submit, self-evident. Canadian ships employ Canadian personnel exclusively; Canadian Companies

pay Canadian taxes and thus make their contribution to the Canadian economy; Canadian Companies operating in the coastal trade are for the most part entirely dependent upon that trade for their very existence. They do not trade on the high seas and are not engaged in international business. If their Canadian business is destroyed, unlike many of their competitors, they are destroyed.

Moreover, the position of Canadian Private Enterprise, competing with private enterprise from elsewhere in the Commonwealth, is difficult. The Canadian Companies are much younger, they have far less Capital than their counterparts from Britain in particular and they generally pay to their seamen a higher scale of wages, and cost of maintenance in Canadian shipyards exceeds that in British yards.

For these reasons, short of barring British ships and operators from the coastal trade, the Government should by all legitimate means encourage the young and struggling coastal trades of Canada and should assist them by all legitimate means to keep pace with the rapidly expanding economy of Canada.

All of which is respectfully submitted.

NEWFOUNDLAND CANADA STEAMSHIPS LIMITED

"L. F. Daley"

P r e s i d e n t

---EXHIBIT 34: Brief submitted by Lunenburg Foundry & Engineering Limited.

EXHIBIT NO. 34

BRIEF

submitted by

LUNENBURG FOUNDRY & ENGINEERING
LIMITED

of

Lunenburg, Nova Scotia

to the

ROYAL COMMISSION ON COASTING TRADE

Halifax, Nova Scotia

August 3, 1955

Gentlemen -

I represent the Lunenburg Foundry & Engineering Limited, being the Vice-President and Managing Director. This Company has over sixty years experience manufacturing, installing, and servicing marine equipment for the fishing and coasting trade. Although the business was originally started as a stove foundry the advantages of our tide water location have enabled us to increase our marine activities, so that at the present time our business that arises from the fishing and coasting trade represents the greater part of our work. Naturally, any conditions which would have an effect on the marine industries of the Maritime Provinces are of direct interest to us. It can well be said that our marine activities have grown

along with the development of mechanization in fishing and coasting industries in the Maritime Provinces and Newfoundland.

Our first activities consisted of the making of iron and brass castings for the wooden sailing ships, which still were very common in Nova Scotia at the beginning of the century. With the progress of time we supplied power for sailing ships, to haul anchors and to handle sails and some twenty years ago we installed the first Diesel engine in a Lunenburg fishing vessel. Since that time we have always been in the forefront of the development of mechanization of the fishing industry and have, ourselves, installed main and auxiliary machinery and under-water gear in most of the Lunenburg fishing vessels and many coasting vessels. In the decade from 1940 to 1950 we installed main and auxiliary machinery, under-water gear and electric equipment in seventy-four vessels, which were built in Nova Scotia, for operating in fishing and coasting on the Canadian Atlantic Coast. In more recent years the amount of this work has been somewhat less because of importation of fishing vessels from other countries. Much of this equipment is completely of our own manufacture, while some, such as Marine Diesel engines are of other manufacture, but are installed and serviced by our Company.

Since the Second World War we have had a decided increase in the amount of steel work

which we are doing on ships, and our personnel have gained many years experience as welders, riveters, platers etc. In addition to repairs to steel ships we have considerable experience in new construction of steel superstructures on wooden fishing draggers. More recently we have again been in the forefront, being first in the Maritimes in constructing superstructures and refrigerated holds of aluminum alloy in fishing draggers. Now in keeping abreast with the increasing use of metal in fishing and coasting vessel construction we are engaged in building our first steel ship.

During the First and Second World Wars the products and facilities of our Company were greatly in demand for the war effort. During the First World War it was necessary for our employees to work shifts to meet the demands for our products at home and abroad. The Company had a good export trade on ship's equipment as far away as Greece and in addition to our regular Atlantic Coast trade, we had a wartime market on the west coast of Canada and the West Indies.

During World War II the Company was classed as a shipyard and we carried out one hundred and two refits for the Royal Canadian Navy, in addition to our regular activity of servicing fishing vessels and ships of the Merchant Marine. We, also, did some construction for the British Ministry of War Transport on TNAC tugs and made extensive installations on ships of the Norwegian

Whaling fleet, to fit them as escort vessels.

During the war we employed in excess of four hundred and fifty workers and after the war we continued with a smaller working force, retaining most of our skilled employees. We were able to continue because we had a background of other endeavours, such as: our general foundry and machine work and the manufacture of marine gasoline engines and marine stoves, for which we had a very good market on the Atlantic Coast. In post-war years we have developed a business in warm air heating and ventilation. These activities have been of great assistance in overcoming the slack periods in marine work.

We have, also, been fortunate in obtaining a share of the work allotted on the Atlantic Coast for the refitting and converting of ships of the Royal Canadian Navy. In recent years this work has amounted to about one-quarter of our turnover and as it has been carried on at time when our regular marine work was at a low ebb it has been of valuable assistance in maintaining our facilities and continuity of employment. We are well located for yeararound operations. This is of distinct advantage for a country such as ours, where it is vital, both from a mercantile and defence point of view to have year around facilities available.

This short résumé of our activities show how vital the well being of our coasting and fishing industries is to our own industry. We

believe moreover that this tidewater work is natural to the Maritime Provinces and necessary for their industrial prosperity.

Our ship work is mainly on ships of Canadian registry operating from Nova Scotia and Newfoundland in the fishing and coasting trade and occasionally an American vessel for emergency repairs, which is restricted by the United States Customs.

We, in Nova Scotia, are living in a protected country where, especially in Central Canada, industry has been protected, not altogether to the advantage of the Maritime Provinces. The coastal trade being an integral part of the economy of this country is entitled, to fair conditions, such as are accorded to other industries in Canada. In other words, we should get some of the protection that has produced the high wages and high standards of living in both the United States and Canada. We are told that such matters as wages, insurance and food costs are higher in Canada than in the competing countries of Europe. It seems to us with regard to insurance the rates should be the same. With regard to wages in Canada I think it is fair to say that men who work on the sea are entitled to the same standard of wages as those who work upon shore and I think they are not higher at the present time. With regard to food supplies, the difference is probably because the men are fed better aboard our ships and we think the fear of higher costs of transportation is over

emphasized. Those who are in the business from other lands certainly have appraised the situation and undoubtedly their rates are compiled accordingly. The volume of the business has something to do with it and an industry must have the volume of assured business for some stability. This stability is not accorded the shipping and shipbuilding industries by the Commonwealth Shipping Agreement, nor by the Canada Shipping Act.

The Shipping Agreement is hardly a benefit to Canada at the present time and through the years Canada's marine trade has seriously diminished. Our coastal trade is really a part of our domestic activity and as always will be the cradle of our marine endeavours. Canada is a young country and we think it is fair to say that to protect the cradle is necessary for growth and preservation of Canada's coastal trade. The coasting trade in Canada has had to face open competition, of not only Great Britain, but under certain conditions, other European countries as well. These countries all have lower standards of living, which has resulted in unfair competition. It appears that in Nova Scotia, being a Maritime Province, our greatest opportunity for commerce and employment lies upon the sea. It has been that way in the past and the Sirois report contains a section on the "Golden Age" in Nova Scotia, which shows an economy that was self-supporting and brought about a degree of abundance. This was largely

before Confederation and it deteriorated with the passing of the wooden ships and sail. Lunenburg survived better than other places, in the Maritimes, because of being in the forefront of the fishing industry.

Our neighbours, the Americans, protect their nationals and coasting trade and subsidize their foreign trade and they are the only country that has a higher standard of wages than Canada. Now, with the building of the St. Lawrence Waterway a different aspect faces the whole situation. The "Halifax Chronicle-Herald" of January 22, 1954, says in effect that our coastal waters, because of the co-operation between the United States and our Country on this development, should be confined to American and Canadian Merchant Marine and quotes President Eisenhower as favouring the negotiating of a treaty for protection on inland waters concurrently with the Seaway. If such a provision could be extended to include the coastal waters of both countries it would mean that our coastal area would extend from the Gulf of Mexico to the head of Lake Superior. Nova Scotia jutting out into the ocean and Newfoundland are on this route and it may be a great opportunity for the Maritimes to share in the benefits of the St. Lawrence Waterway.

There has been a suggestion from some interests that the trade in the Great Lakes and St. Lawrence be protected and the trade on the

coast be open to British and foreign ships. We feel this would be discriminatory and may create more serious problems. We are thinking mainly of the shipbuilding industry in Nova Scotia and the employment of Nova Scotians upon the sea; and of course, this also stimulates employment on the land.

We feel it would be redundant for us in this brief to quote statistics and detail which we find has been well covered by submissions already presented, especially that by the Canadian Shipbuilding and Ship Repair Association. We think paragraph 14, on page 32, of the Canadian Shipbuilding and Ship Repair Association submission contains a section which is enlightening and shows how Great Britain in other days protected her Merchant Marine and particularly its coasting trade and nurtured its growth until it was able to stand against allcomers.

We can see advantages of having an arrangement with the United States on coastal trade, because of the high standards and common interest. However, as a first step we should take measures to sustain our own coasting trade and as a concern engaged in shipbuilding and repair we support the policy of maintaining Canada's coastal trade for Canadian seamen and ships built in Canada.

---EXHIBIT NO. 35: Markland Shipping Co. Ltd. brief.

EXHIBIT 35

TO THE ROYAL COMMISSION ON COASTAL TRADE

1. The Markland Shipping Company Limited is a wholly owned subsidiary of the Mersey Paper Company Limited, of Brooklyn, Queens County, Nova Scotia, and operates the following ships: -

T.S.S. "Markland"	7,243	deadweight	tons
S.S. "Vinland"	10,265	"	"
S.S. "Liverpool Rover"	6,250	"	"
S.S. "Liverpool Packet"	4,626	"	"

These vessels are registered in the port of Liverpool, Nova Scotia, and manned by Canadian crews.

2. With the exception of transportation by the "Liverpool Rover" of pulpwood cargoes from Cape Breton during the summer months to Brooklyn, N.S., these ships are primarily engaged in international trade and therefore the particular subjects referred to by the Royal Commission for study and report do not directly affect our present operations. However, there are some facts and opinions of a general nature which this Company feels may be of some value to the Commission in its work.

3. Re:- Terms of Reference Order in Council
P.C. 1955-308 March 1st, 1955.

(a) the relationship of the coasting trade of Canada, including the Great Lakes to Canadian shipping and ship building, and the effect on such shipping and ship building of the participation in the coasting trade of Canada,

including the Great Lakes, of ships or other marine craft registered or built outside of Canada.

(b) the probable effects of the development of the St. Lawrence Seaway upon the coasting trade of Canada, including the Great Lakes;

(c) the relationship of the coasting trade of Canada, including the Great Lakes, to the domestic and international trade of Canada and to Canada's external relations; and the effect of the participation in the coasting trade of Canada, including the Great Lakes, by ships or other marine craft registered or built outside of Canada upon the domestic and international trade of Canada, and Canada's external relations.

With regard to the foregoing terms, the opening of the St. Lawrence Seaway will extend the coastal trade of Canada to proportions that will constitute a major maritime industry. In the competitive rates of water transportation it would appear that Canadian ships on the Canadian coast and Great Lakes should not be subjected to any legislation by reason of their Canadian flag which would increase their costs over and above that of other ships similarly employed. Any such costs which might prove to make the operation of Canadian ships on their own coast economically unsound and be detrimental enough to make Canadian ships competitively inoperable would adversely affect the ship building and ship repairing

The first part of the report is devoted to a description of the

general situation of the country.

It

is then followed by a detailed account of the

economic conditions of the country.

The third part of the report is devoted to a description of the

social conditions of the country.

The fourth part of the report is devoted to a description of the

political conditions of the country.

The fifth part of the report is devoted to a description of the

educational conditions of the country.

The sixth part of the report is devoted to a description of the

religious conditions of the country.

The seventh part of the report is devoted to a description of the

artistic conditions of the country.

The

concluding part of the report is devoted to a summary of the

findings of the investigation.

The report is divided into two parts, the first of which is devoted to a

description of the country and the second to a description of the

conditions of the country.

The first part of the report is devoted to a description of the

general situation of the country.

It is then followed by a detailed account of the

economic conditions of the country.

The third part of the report is devoted to a description of the

social conditions of the country.

The fourth part of the report is devoted to a description of the

political conditions of the country.

The fifth part of the report is devoted to a description of the

industries in Canada. This loss of business would mean loss of both personal and corporation taxable income and revenue to the Canadian Government.

4. Re:- Terms of Reference (d) the necessity, if any, of establishing different policies and prescribing special conditions with respect to the coasting trade of Canada, including the Great Lakes, applicable to particular parts of Canada.

The "Coasting trade of Canada" according to the Canada Shipping Act, Chap. 29, "includes the carriage by water of goods or passengers from one port or place in Canada to another port or place in Canada." From this description it must be presumed that any vessel carrying goods or passengers from one port or place in Canada to another port or place in Canada is a "Coasting vessel".

Chapter 58-Section 54 of the Customs Act of Canada covers "Duty on equipment and repairs of coasting vessels", this duty being levied on such repairs and equipment on coasting vessels made or obtained outside of Canada within one year prior to the vessel's arrival on the Canadian coast. Section 55 of the Customs Act similarly covers duty on surplus stores of such vessels arriving on the Canadian coast.

It is suggested that this Act be fully carried out as intended and strictly enforced on all vessels in such a category irrespective of Nationality, before they can carry either goods or passengers from one Canadian port to another Canadian port; and that the term "foreign country" should include any country

outside of Canada.

It is further suggested that any freight earned on Canadian cargoes by ships of other countries should be taxable by Canada. This procedure is carried out by many countries, including some of the Commonwealth countries, on both coastal and foreign going ships on the basis that such ships are actually conducting business in the country and therefore such business is taxable. It is not considered that such taxation would have any effect on Canada's external relations, because as stated above this is not an uncommon practice.

With reference to the definition of the "Coasting trade of Canada" there is a possibility that evasive measures may be taken, especially in the Great Lakes, of making single intermediate foreign ports of call, but such a measure should not be allowed to nullify the fact that the vessel in such a category is on the Coasting trade of Canada, while carrying goods and/or passengers from one Canadian port to another irrespective of any foreign intermediate ports of call.

This Company would be pleased to endeavour to obtain information in order to answer any questions the Commission may wish to ask.

Respectfully submitted,

Markland Shipping Company Ltd.

Per C.W.Copelin,
Managing Director.

Chapter 58 - Section 54 of the Customs Act.

DUTY ON EQUIPMENT AND REPAIRS OF COASTING VESSELS

- 54(1) - The equipments or any part thereof, including boats purchased or supplied in a foreign country for, or the expenses of repairs made in a foreign country upon a vessel intended to be employed, or which is thereafter employed, in the coasting trade of Canada, are, on the arrival of the vessel in any port of Canada, if arriving within one year after the repairs have been made or the equipments have been purchased or supplied, liable to entry and the payment of duty on the cost thereof in the foreign country.
- (a) - on the expenses of repairs, twenty five per cent ad valorem and
- (b) - on equipments, including boats, the same rate of duty as if the articles were imported into Canada in the ordinary course.

Penalty:

- (2) - If the owner or master of the vessel wilfully and knowingly neglects or fails to report, make entry or pay duties as by this section required, the vessel, with her tackle, apparel and furniture, shall be seized and forfeited.

Exception:

- (3) - If however, the owner or master of the vessel furnishes satisfactory evidence that the vessel, while in the regular course of her voyage, was compelled by stress of weather or

casualty to put into a foreign port to make the said repairs, in order to secure the safety of the vessel or to enable her to reach her port of destination, or that it would be impracticable to make the repairs in Canada for want of a dock of sufficient capacity to receive the vessel, the Minister may authorize the refund of the duties on the repairs, and the vessel is not liable to forfeiture under sub-section (2) - R.S. c 42-65.

Surplus stores of vessels to be dutiable:

- 55 - The surplus stores of vessels arriving in Canada shall be subject to the same duties and regulations as if imported as merchandise; but if the owner or master desires to warehouse the same for re-shipment for the future use of the vessel, the collectors may permit him to do so. R. S. c 42 s 66.

Canada Shipping Act. Chap. 29

"Coasting trade of Canada" -

- (13) "Coasting trade of Canada" includes the carriage by water of goods or passengers from one port or place in Canada to another port or place in Canada.

--- EXHIBIT NO. 36: Charter Party

EXHIBIT 36

MAXWELL HARRIS COMPANY, INC.,
Chartering Brokers

17 Battery Place
New York 4, N.Y.

October 26th, 1954.

BERTH TERMS - AFFREIGHT AGREEMENT

It is hereby mutually agreed and understood between Atlantic & Great Lakes Steamships Corporation of New York, Time Chartered Owners of the Italian S/S CARLA MARIA G. #2 Classed 100 A 1 in American Bureau about 3340 tons total deadweight and about 195,000 bale cubic, and POTATO DISTRIBUTORS INC., Shippers that the said vessel is to proceed to a loading berth at Charlottetown, Prince Edward Island where she can always lie safely aground, and there load a cargo of Sixty-Four thousand (64,000) bags of POTATOES, in 100 pound bags, 5% more or less at vessel's option, under deck, which cargo the said Shippers agree to deliver alongside within reach of Steamer's tackle, as fast as steamer can load, working all hatches simultaneously during working hours and weather.

Upon being so loaded, the steamer is to proceed to Jacksonville, Fla. and there discharge her cargo. Upon arrival at port of discharge, steamer is to discharge cargo to a wharf, to the end of her tackle, in working hours and weather, according to the custom

of the port, and thus conclude the voyage.

Laydays and cancelling November 9th/November 15th, 1954.

Freight is to be paid in U.S. Currency, in New York on telegraphic advice of signing of Bills of Lading, at the rate of Forty-seven cents (\$.47) U.S. Currency per hundred pounds, without discount, tax or allowance. Freight is to be considered earned, retained and irrevocable, steamer and/or cargo lost or not lost.

Cargo to be loaded, stowed and discharged at Steamer's expense. Shipper's agents and stevedores at loading port and understood to be H.B.Willis, Inc. Shippers guarantee loading cost of 10¢ per hundred pound bag and agency fee at loading port, not to exceed \$100.00. At port of discharge, vessel to be consigned to Shipper's agent at agency fee not exceeding \$100.00. At port of discharge, vessel to be consigned to Shipper's agent at agency fee not exceeding \$100.00. Stevedore at discharge port to be nominated by Shipper, Shipper guaranteeing discharge cost of 10¢ per hundred pound weight. All dunnage to be for Owner's account, but not exceeding \$400.00.

It is understood upon steamer's reporting, shippers agree to have sufficient cargo alongside steamer to commence loading promptly at all hatches.

At port of discharge, consignees are to take cargo from alongside within reach of steamer's tackle as fast as steamer can deliver during working hours and weather.

All taxes at both port (s) of loading and discharging on freight and/or cargo to be for account of Shippers. Steamer's Bills of Lading to be used without prejudice to this contract of affreightment.

Shipper's failure to perform under this contract shall make them liable unto the owners for the estimated or collected amount of freight plus all additional damages which owners may sustain.

Neither vessel nor Owners to be responsible or liable for deterioration, rot, loss of market, sweating or decay of cargo.

No other cargo to be carried by the vessel. Heaters if used at loading port to be for Charterer's account.

Charterers to have the privilege of shipping part cargo of rutabagas.

Harold G. Williams Jr.
ATLANTIC & GREAT LAKES S/S CORP.

POTATO DISTRIBUTORS INC.

F.C.Ruediger.

CERTIFIED TRUE COPY

--- EXHIBIT NO. 37: Telegram to Rand Matheson from
N.Y. Shipping Broker Maxwell
Harris

EXHIBIT 30

CANADIAN NATIONAL TELEGRAPHS

JBAllo 26/24 - CD NEW YORK NY 19 330P-

1955 July 19 PM 605

RAND H MATHESON

MARITIMES TRANSPORTATION COMMISSION MCTN

RETEL ICC TARIFF RATE POTATOES DOMESTIC MOVEMENT

42 CENTS CWT WITH LOADING STOWING DUNNAGE DISCHARGING
WHARFAGE FOR SHIPPERS ACCOUNT WHICH ESTIMATE 25 CENTS
ADDITIONAL

MAXWELL HARRIS CO INC.

42 DUNNAGE

--- EXHIBIT NO. 38[- History of Rail Rates on Potatoes

HISTORY OF RAIL RATES ON POTATOES FROM TYPICAL ORIGINATING POINTS IN PRINCE EDWARD ISLAND AND NEW BRUNSWICK TO SPECIFIED DESTINATIONS IN QUEBEC AND ONTARIO INDICATING CHANGES REFLECTING VARIOUS FREIGHT RATE INCREASES SINCE APRIL 7, 1948 to JULY 18, 1955

Rates in cents per 100 lbs. - Carload minimum weights as per tariffs.

	Apr 7/48	Apr 8/48	Oct 11/49	Mar 23/50	June 16/50	July 26/51	Feb 11/52	Jan 1/53	Mar 16/53	sep.21/53	Mar 1/54
TO=	Base	21%	8% Int.	16% Int.	20%	12% Int.	12% Cont.	9%	7%	Comp.	A.C.75*
FROM CHARLOTTETOWN, P.E.I.											
MONTREAL, P.Q.	30	36	39	42	43	48	48	52	56	50	50
KINGSTON, Ont.	34	41	44	48	49	55	55	60	64	57	57
OTTAWA, Ont.	32	39	42	45	47	53	53	58	62	58	58
TORONTO, Ont.	38	46	50	53	55	62	62	68	73	64	65
LONDON, Ont.	43	52	56	60	62	69	69	75	80	75	76
WINDSOR, Ont.	46	56	60	65	67	75	75	82	88	78	79
* Approved Oct. 22, 1954											
FROM SOURIS, P.E.I.											
MONTREAL, P.Q.	31	38	41	44	46	52	52	57	61	54	50
KINGSTON, Ont.	36	44	48	51	53	59	59	64	68	62	57
OTTAWA, Ont.	34	41	44	48	49	55	55	60	64	60	58
TORONTO, Ont.	39	47	51	55	56	63	63	69	74	66	65
LONDON, Ont.	44	53	57	61	64	72	72	78	83	78	76
WINDSOR, Ont.	49	59	64	68	71	80	80	87	93	83	79

Rates in cents per 100 lbs. - Carload minimum weights as per tariffs.

Apr7/48 Apr 8/48 Oct 11/49 Mar 23/50 June 16/50 July 16/51 Feb 11/52 Jan 1/53 Mar 16/53 Sep 21/53 Mar 1/54
Base 21% 8% Int. 16% Int 20% 12% Int 12% Cont 9% Compt. A.C. 75

FROM WOODSTOCK, N.B.

MONTREAL, P.Q.	28	34	37	39	41	46	46	50	54	48
KINGSTON, Ont.	33	40	43	46	48	54	54	59	63	56
OTTAWA, Ont.	31	38	41	44	46	52	52	57	61	57
TORONTO, Ont.	38	46	50	53	55	62	62	68	73	64
LONDON, Ont.	43	52	56	60	62	69	69	75	80	75
WINDSOR, Ont.	46	56	60	65	67	75	75	82	88	78

Tariff References [C.N.Rys. No.C.V.25-1, C.T.C.No.E 3902

C.F.A. No.71, C.T.C. No. 1427	C.F.A. No.74, C.T.C. No. 1465
C.F.A. No.72, C.T.C. No. 1445	C.F.A. No. 74-A, C.T.C. No.1473
C.F.A. No. 72-A, C.T.C. No. 1450	C.F.A. No.74B, C.T.C. No. 1486
C.F.A. No.72-B, C.T.C. No. 1453	C.F.A. No.74-C, C.T.C. No. 1487
	C.N.Rys. No.C.M.300-15, C.T.C. No. E. 4014
	C.F.A. No. C.T.C. (A.C.) No. 75

Explanation of Abbreviations

Int. - Interim Increase
Comp. - Competitive
Cont. - Continued - Board of Transport Commissioners Order dated Jan.25/52 held the increase on potatoes to interim of 12% in the so-called 17% case.
A.C. - Agreed Charge

---EXHIBIT No. 39:

Copy of Contract on Agreed Charges
(Potatoes) with Canadian Freight
Association.

EXHIBIT NO. 39

CANADIAN FREIGHT ASSOCIATION

AGREED CHARGE
BETWEEN

THE ALGOMA CENTRAL AND HUDSON BAY RAILWAY COMPANY
CANADIAN NATIONAL RAILWAYS
CANADIAN PACIFIC RAILWAY COMPANY
THE ESSEX TERMINAL RAILWAY COMPANY
WABASH RAILROAD COMPANY

AND

PRINCE EDWARD ISLAND POTATO MARKETING BOARD

ON

POTATOES, Carloads

as specified in Paragraph "B"

FROM

PRINCE EDWARD ISLAND POINTS
as specified in Paragraph "C(1)"
TO

POINTS IN THE PROVINCES OF ONTARIO AND QUEBEC
shown in Paragraph "C(2)"

Effective March 1, 1954

Issued under authority of The Transport Act, 1938,
and The Maritime Freight Rates Act.

Approved by Order No. of the Board of Transport
Commissioners for Canada, dated , 1954.

Issued by

R.K. WATSON,
Agent, Canadian Freight
Association,
400 Craig Street West,
MONTREAL 1, Que.

AGREEMENT FOR THE CARRIAGE
OF TRAFFIC UNDER AN AGREED
CHARGE

A. PARTIES

The undermentioned railways, having their
respective head offices at the cities hereunder
specified, hereinafter called the Railway:

The Algoma Central and Hudson
Bay Railway Company Sault Ste. Marie
Ont.
Canadian National Railway
Company Montreal, Que.
Canadian Pacific Railway
Company Montreal, Que.
The Essex Terminal Railway
Company Walkerville, Ont.
Wabash Railroad Company St. Louis, Mo.

- and -

Prince Edward Island Potato Marketing Board, with
head office at Charlottetown, Prince Edward Island,
hereinafter called the Shipper.

B. DESCRIPTION OF TRAFFIC.

Potatoes, (other than Sweet), carloads,
handled by, for or in connection with the business
of the Shipper, to the extent of 100% of the volume,
forwarded by the Shipper from all stations and/or
places in the Province of Prince Edward Island
specified in Paragraph "C(1)" to the stations
and/or places specified in Paragraph "C(2)",
hereinafter called "the said traffic".

C. (1) STATIONS AND/OR PLACES FROM WHICH APPLICABLE.

All railway stations and/or places in the
Province of Prince Edward Island, specified in
Canadian Freight Association Tariff No. 28,

Agent R.K. Watson's C.T.C. NO. 620.

(2) STATIONS AND/OR PLACES TO WHICH APPLICABLE.

Railway stations and/or destinations in the
Provinces of Ontario and Quebec, specified in
Paragraph "D".

D. AGREED CHARGE, applicable via routes specified
in Paragraph "E".

TO	Charge in Route No. cents per (See Para- 100 lbs. graph "E")	
Arnprior..... Ont.	60)	
Belleville..... Ont.	58)	
Bon-Conseil..... Que.	54)	1
Brantford..... Ont.	75)	
Brockville..... Ont.	55)	
Chatham..... Ont.	79	1, 2, 3
Collingwood..... Ont.	74)	
Cornwall..... Ont.	55)	
Drummondville..... Que.	54)	
Elmira..... Ont.	75)	
Fonthill..... Ont.	72)	
Goderich..... Ont.	79)	
Granby..... Que.	55)	
Guelph..... Ont.	72)	1
Haliburton..... Ont.	72)	
Hamilton..... Ont.	67)	
Hawkesbury..... Ont.	58)	
Hespeler..... Ont.	75)	
Joliette..... Que.	59)	
Jordan..... Ont.	72)	
Kingston..... Ont.	57)	
Kitchener..... Ont.	75)	

TO	Charge in cents per 100 lbs.	Route No. (See Para- graph "E")
Lachute..... Que.	59	5
Lindsay..... Ont.	69)	1
London..... Ont.	76)	
Midland..... Ont.	72)	
Montreal (Note 1).... Que.	50)	
Morrisburg..... Ont.	58)	
Newmarket..... Ont.	72)	
Niagara Falls..... Ont.	72	1, 4
Nicolet..... Que.	54)	1
North Bay..... Ont.	72)	
Orillia..... Ont.	70)	
Oshawa..... Ont.	69)	
Ottawa..... Ont.	58)	
Owen Sound..... Ont.	84)	
Parry Sound..... Ont.	72)	
Pembroke..... Ont.	61)	
Peterboro..... Ont.	65)	
Picton..... Ont.	63)	
Pine Orchard..... Ont.	70)	
Plessisville..... Que.	51)	
Point Edward..... Ont.	79)	
Port Colborne..... Ont.	69)	
Port Hope..... Ont.	63)	
Quebec (Note 3)..... Que.	49)	
Renfrew..... Ont.	61)	
Rougemont..... Que.	55)	
St. Casimir..... Que.	58)	
St. Catharines..... Ont.	72)	

TO	Charge in cents per 100 lbs.	Route No. (See Para- graph "E")
St. Celestin..... Que.	54)	
St. Eustache-sur-le-Lac. Que.	59)	
St. Hyacinthe..... Que.	54)	
St. Jerome..... Que.	59)	
St. Johns..... Que.	55)	1
Ste. Martine (Chateau- guay Co.)..... Que.	59)	
Ste. Perpetue..... Que.	54)	
St. Remi..... Que.	59)	
St. Thomas..... Ont.	79	1, 3
Sarnia..... Ont.	79	1
Sault Ste. Marie..... Ont.	91	6
Shawinigan Falls..... Que.	59)	
Sherbrooke..... Que.	51)	
Smiths Falls..... Ont.	59)	
Sorel..... Que.	52)	1
Stirling..... Ont.	61)	
Stratford..... Ont.	76)	
Sudbury..... Ont.	79)	
Thamesville..... Ont.	79	1, 2, 3
Toronto (Note 2)..... Ont.	65)	
Trois Rivieres (Note 5)Que.	55)	
Valleyfield..... Que.	59)	1
Vaudreuil..... Que.	59)	
Victoriaville..... Que.	51)	
Walkerville (Note 4). Ont.	79	1, 2, 3
Welland..... Ont.	72	1, 4
Windsor (Note 4)..... Ont.	79	1, 2, 3
Woodstock..... Ont.	76	1

D. AGREED CHARGE, applicable via routes specified in Paragraph "E" (Concluded).

Note 1:-- Charge to Montreal, Que., will apply to the following points:--

Ahuntsic.....Que.	Maisonneuve.....Que.
Atwater (Ward's Yard, St. Henri).....Que.	Montreal(Moreau St.)..Que
Cartierville.....Que.	Montreal East.....Que.
Convent.....Que.	Pie IX.....Que.
Cote St. Paul.....Que.	Pointe aux Trembles West.....Que.
Dominion.....Que. (Exclusive of switching charges)	Point St. Charles.....Que.
Jacques Cartier Jct..Que.	St. Henri.....Que.
Lachine.....Que.	St. Henry.....Que.
Longue Pointe.....Que.	St. Lambert.....Que.
	St. Laurent.....Que.
	Tetraultville.....Que.
	Val Royal.....Que.
	Ville St. Pierre.....Que.

NOTE 2:-- Charge to Toronto, Ont., will apply to the following points:-

Danforth.....Ont.	North Toronto.....Ont.
Davisville(Merton St.)Ont.	Oriole.....Ont.
Don.....Ont.	Parkdale.....Ont.
Downsview.....Ont.	St. Clair Ave.....Ont. (Davenport)
Leadley.....Ont.	Scarboro.....Ont.
Leaside.....Ont.	Swansea.....Ont.
Mt. Dennis.....Ont.	Toronto (Simcoe St.)..Ont.
New Toronto.....Ont. (Including former Mimico terminals)	Weston.....Ont.
	West Toronto.....Ont.

NOTE 3:-- Charge to Quebec, Que., will also apply to the following points:--

Bridge.....Que.	Ste. Foye.....Que.
Charny.....Que.	St. Romuald.....Que.
Limoilou.....Que.	

NOTE 4:-- Charge to Walkerville, Ont. and/or Windsor, Ont. will also apply to the following points:--

East Windsor,/.Ont.)) Via Walkerville, Ont. and
Ojibway.....Ont.)	
Sandwich.....Ont.)) Essex Terminal Ry.

NOTE 5:-- Subject to provisions of General Rule No. 18 of C.N. Rys. Tariff No. C.R. 200, C.T.C. No. E. 1694.

The charges herein specified are subject to the following provisions:

(1) The minimum carload weights shall be as follows:

From July 1st to September 30th,
inclusive..... 30,000 lbs. per car

From October 1st to June 30th,
inclusive..... 35,000 lbs. per car

The above carload minimum weights will govern, except when the marked capacity of the car is less, in which case the marked capacity of the car will be the minimum.

(2) Rates published herein, except when otherwise specifically provided, will include cost of Inter-switching to public and private unloading tracks of connecting lines within four miles from

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point of interchange as provided in Interswitching tariffs lawfully on file with the Board of Transport Commissioners for Canada, on traffic in carloads, having its point of origin and destination as follows:

(a) POINT OF ORIGIN.--Stations East of Levis, Que., and Diamond, Que., south of the St. Lawrence River.

(b) DESTINATION.-- Stations in Canada on the Canadian National Railways West and North of Diamond and Levis, Que., which are also reached via the Canadian Pacific Railway, or jointly via the Canadian Pacific Railway and its connections, at which interchange facilities through track connection are established.

E. ROUTING.

<u>Route No.</u>	<u>VIA</u>
1.	Canadian National Rys. direct.
2	Canadian National Rys., Glencoe, Ont. and Wabash R.R.
3	Canadian National Rys., Tillsonburg, Ont. and Wabash R.R.
4.	Canadian National Rys., Jarvis, Ont. and Wabash R.R.
5	Canadian National Rys., Ste. Rosalie Jct., Que. and Canadian Pacific Ry.
6	Canadian National Rys., Oba, Ont. and Algoma Central and Hudson Bay Ry.

CONDITIONS ATTACHING TO THE AGREED CHARGE.

1. The Shipper agrees to deliver to the Railway for carriage from and to the stations and/or places specified in Paragraph "C" the said

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traffic howsoever directed or consigned, and not to ship or cause to be carried any part of the said traffic by any other means of transportation whatsoever.

2. The Agreed Charge does not include special services at origin, destination or in transit for which special tariffs of tolls are published under the Railway Act.

3. This agreement is intended to deal with traffic only in respect of rates for general transportation services; other terms and conditions which would otherwise be applicable shall continue to apply as if the traffic were carried under the regular tariffs of the Railway, and the Canadian Freight Classification.

4. Upon default on the part of the Shipper, the Railway shall have the right to recover from the Shipper for all merchandise shipped hereunder the difference between the Agreed Charge and charges based on the regular tariffs in effect at the time of shipment of such merchandise, and in addition thereto shall be entitled to liquidated damages at the rate of ten percent (10%) of the Agreed Charge on all merchandise shipped otherwise than in accordance with the provisions hereof.

5. The Shipper shall permit the Railway, at all reasonable times, to inspect all shipping books, shipping records and invoice records, whatsoever, for the purpose of verifying the carriage of the said traffic in accordance with

the provisions hereof.

6. This agreement shall come into effect on the first day of March, 1954, or such other date as may be approved by the Board of Transport Commissioners for Canada, and shall continue as to each party hereto until terminated by such party by a three-months' notice in writing, effective at the end of one year from the said approval or any time thereafter; provided that should the Board's approval hereof be restricted as to time, the period so specified, (being not less than one year from date of approval) shall be deemed to be the term thereof.

THIS AGREEMENT IS SUBJECT TO THE APPROVAL OF THE
BOARD OF TRANSPORT COMMISSIONERS FOR CANADA.

SIGNED for and on behalf of

THE ALGOMA CENTRAL AND HUDSON BAY
RAILWAY COMPANY
CANADIAN NATIONAL RAILWAY COMPANY
CANADIAN PACIFIC RAILWAY COMPANY
THE ESSEX TERMINAL RAILWAY COMPANY
WABASH RAILROAD COMPANY:

R.K. Watson, Chairman, Canadian Freight
Association, Montreal, Que.

SIGNED for and on behalf of the Shipper:

PRINCE EDWARD ISLAND POTATO MARKETING BOARD

Date:

--- EXHIBIT NO. 40 Total Export and Import out and in P.E.I.

	BY RAIL IMPORTS 1953												Total
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	
Autos	59	67	77	87	93	85	52	42	25	40	32	43	702
Coal	291	184	84	166	105	93	117	83	162	177	252	243	1957
Flour & Feed	161	132	148	130	145	154	121	155	136	74	85	92	1533
Fertilizer	19	13	18	91	443	90	1	10	4	3	12	16	720
Gas & Oil	248	147	215	202	246	217	208	232	211	200	217	221	2464
Lime	8	7	10	150	297	30	5	15	9	46	39	10	626
Lumber	24	14	17	12	46	24	40	23	22	17	20	5	264
L.C.L.	200	238	280	288	257	237	248	245	253	245	233	195	2919
Meats	8	13	14	12	20	10	12	12	15	16	17	11	160
Machinery	25	32	33	23	29	18	16	16	10	4	2	3	211
Sugar	3	2	8	24	12	20	17	18	19	16	20	15	174
Salt	11	3	7	18	9	17	2	12	11	13	7	3	113
Aeriated Waters	14	10	16	13	10	15	2	11	8	9	8	9	125
Roofing	3	4				3	6	2	6	2	1		27
Canned Goods	10	13	16	26	24	22	14	29	24	16	14	4	212
Bricks & Cement	4	1	10	41	39	37		27	38	26	22	15	260
Fresh Fruits		4	15	10	14	13	8	9	10	10	10	14	117
													12,584

Compiled by B. Graham Rogers,
From Official Figures of C.N.Rys.

BY RAIL
EXPORTS 1953

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1954
RAILWAY IMPORTS -- FULL CARLOADS

	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug.</u>	<u>Sept.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Total</u>
Autos	54	51	67	44	77	49	52	22	7	17	20	29	489
Coal	185	232	168	110	127	83	81	70	183	248	244	230	1961
Flour & Feed	98	101	113	96	137	96	90	116	92	103	94	106	1242
Fertilizer	12	14	12	13	398	40	4	2	1	6	9	24	535
Fruits	9	6	14	19	17	6	6	15	9	11	10	11	133
Gas & Oil	249	246	190	200	254	200	202	222	192	212	272	298	2737
Lime	4	2	5	69	310	88	5	4	14	49	54	4	608
Lumber	6	4	13	10	30	18	22	36	28	35	34	17	253
L.C.L.	178	195	268	266	249	252	238	202	234	239	234	211	2766
Meats	16	14	16	13	19	10	9	13	13	30	32	9	194
Machinery	2		5	12	8	10	12	12	14	7	9	13	104
Sugar	11	6	6	25	9	23	25	18	17	19	20	12	191
Salt	7	4	8	12	13	13	11	8	10	9	9	5	109
Aeriated Water	4	5	13	13	8	6	9	7	10	7	10	8	100
Roofing			8	5	11		2			5	1	19	73
Canned Goods	10	11	16	14	20	6	14	6	10	19	16	14	173
Bricks & Cement	7	8	12	18	40	40	44	33	45	49	19	10	325

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1954 RAILWAYS EXPORTS -- FULL CARLOADS													
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
Butter & Cheese			4	1	2	2	4	2	7	2	6	2	16
Eggs	5	1	7	4	1	10	3	2	2	4	3	3	40
Hides	3		2			2							30
Livestock	75	62	91	103	101	97	89	90	93	105	91	67	1064
L.C.L.	65	65	85	72	59	58	71	71	73	83	75	58	835
Meats	21	24	30	34	26	25	19	24	26	28	35	26	318
Potatoes	1177	735	944	1082	1207	225	36	69	133	828	1304	760	8500
Starch		5	1							1		1	8
Turnips													
Canned Goods	72	85	78	79	60	6	11	39	63	69	116	93	754
Hay & Stray	4	2	4	3	6	1		1	1	6	2	2	48
Pulpwood				1	38	51	41	7	3	1	3	1	11
Lumber			1	1	3	4	2	1	3	5	7	3	154
Scrap Iron			1			1	8		3	5	3	3	25
Vegetables	3	3	1	1	3	1	6	1	2	2	4	2	25
Berries			4	4	2	5	2	6			1	3	40
Fish								1	3		1	2	9
Xmas Trees	1	3	5		1	1	1	4	8	14	7	5	50
												3	3
													11,930

Compiled from C.N.R. Figures



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